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Canadian Agriculture and World War II

A
A History of the Wartime Activities of
the Canada Department of Agriculture
and its Wartime Boards and Agencies.

F. Hedley Auld



Canada Department of Agriculture
Ottawa, August, 1953

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ACKNOWLEDGMENTS

At the conclusion of the Second World War, it was considered desirable that a report be made concerning the administrative policies of the Government with respect to Agriculture during the war and early post-war years. In the preparation of this review the Author acknowledges the great help he derived from having access to reports of the Agricultural Supplies Board, the Meat Board, the Dairy Products Board, the Agricultural Food Board, the Special Products Board, the Administrators of Feeds, Seeds, Fibre Flax, Fertilizers and Pesticides, the Saskatchewan Co-operative Producers, the Canadian Wheat Board and the Wartime Prices and Trade Board, and a number of publications of the Economics Division, Marketing Service of the Department of Agriculture, which contain post-war reviews of many of the activities related to agriculture in wartime. Insofar as it seemed to be desirable to do so, these documents have been used in the preparation of this work.

In his report the Author has endeavored to review Canadian agriculture during the war years and to show the evolution of Government policy in relation to agriculture, to show what was accomplished and to show the production partnership in which so many agencies were associated in high achievement. If it should seem to be deficient in respect to statistical detail, it is believed that the rich resources of the Dominion Bureau of Statistics can supply what appears to be lacking. If references to Orders-in-Council are brief it is because they were so numerous. Most reference libraries can supply volumes which contain original Orders. If the details of administrative procedure appear sketchy the reason is that Departmental files can provide the details which, if given here, might obscure the perspective which this narrative is intended to convey.

The Author acknowledges the help of numerous officials on the administrative level who were so kind as to peruse the manuscript with respect to their wartime activities and to offer suggestions whereby a greater degree of accuracy might be attained. It is hoped that the omission of names of those who assisted in that manner will be forgiven when the liberty is taken of mentioning particularly Mr. S.R.N. Hodgins, Director, Information Services, Department of Agriculture, Ottawa, for constructive help in planning the review and Mr. J.R. Peet, Information Officer, who was particularly helpful in obtaining supplementary statistical data and in supervising publication of the Report.

Francis Hedley Auld.

Regina, Sask.
February 16, 1952.

EDITOR'S NOTES.

The writer, Francis Hedley Auld, M.B.E., LL.D., has been associated with Canadian agriculture since 1906. From 1916-46 he was Deputy Minister of Agriculture for Saskatchewan. On his retirement he was elected to the Chancellorship of the University of Saskatchewan.

Published Orders-in-Council referred to in this history may be found in the following series printed by The Queen's Printer, Ottawa.

August 26, 1939 - September 30, 1939 - Proclamations and Orders-in-Council Relating to the War;

October 1, 1942 - December 31, 1945 - Canadian War Orders and Regulations;

Year 1946 - Statutory Orders and Regulations;

Year 1947 onward - Canada Gazette, Part II: Statutory Orders and Regulations.

Readers who wish to obtain in more detail, particulars of wartime subsidies and wartime food agreements are referred to the following:

For subsidies. Federal Agricultural Assistance Programs Canada, 1900-1951. Marjorie R. Cameron and Frank Shefrin. Economics Division, Department of Agriculture, Ottawa. April 1952.

For food agreements Exports of Canadian Farm Products War and Post-War Developments. Frank Shefrin. Economics Division, Department of Agriculture, Ottawa. February 1949.

Chapter 1

CONTRIBUTION OF FOOD AND FINANCIAL AID TO BRITAIN

IN WORLD WAR TWO.

In two globe-encircling wars, Canadian agriculture made an indispensable contribution of food to the nations with which we were allied, and particularly to Great Britain. At the end of 1945, Sir Ben Smith, Minister of Food, said, "One of the reasons why Hitler failed to starve us into defeat was the wonderful supplies we got from Canada." The surrender of Britain, through the compelling pressure of starvation by depriving her of food and other war essentials, was a prime objective of German strategy in two world wars. Britain's well known dependence upon imported food made her particularly vulnerable in war, and encouraged the hope of her enemies that they could, through the destruction of her shipping and the closing of the sea-lanes - Britain's life lines - accomplish her defeat. That these attempts, which became more serious as the war progressed, did not succeed was due in great measure to the existence of large supplies of food in North America, and the fact that available shipping could be operated more efficiently and protected more effectively in the North Atlantic than if used on longer sea routes with greater dispersion and less effective protection from attack.

The three-fold food policy of the United Kingdom Government during the war was to reduce imports to the minimum in order to save shipping space and to conserve economic resources, to import foodstuffs high in nutritional value in proportion to bulk and to produce protective foods at home to the maximum limit of farm capacity. This policy recognized that "with sufficient milk, vegetables and potatoes there need be no malnutrition. With sufficient bread, fat (butter or margarine) potatoes and oatmeal there will be no starvation."¹ Essentiality seems to have been a major consideration in Britain's wartime food program, but variety was also recognized as important in the maintenance of morale as well as physical well-being. This is indicated by the several wartime agreements with Canada and other countries for the procurement of bacon and beef, cheese and concentrated milk, shell and dehydrated eggs and vegetables, in addition to vast quantities of wheat and flour, and oats and oatmeal.

During the years immediately prior to the outbreak of the Second World War, the United Kingdom's annual average consumption of wheat, expressed in terms of flour, amounted to nearly 4.3 million tons a year, of which upwards of 3.9 millions were imported. Of this latter quantity, Canada supplied, on average, 39.5 per cent.²

Despite all difficulties, the United Kingdom's production of wheat was increased during the five years 1941-42 to 1945-46 by an average of over one million tons a year as compared with the average for the pre-war years 1936-37 and 1938-39. At the same time, however, flour consumption increased from about 4.3 million tons a year during the period 1934-38, to 5.1 million tons in 1941, and reached a wartime peak level of 5.4 million tons in 1945.

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1. Feeding the People in Wartime - by Sir John Orr & David Lubbock, MacMillan and Company, London, 1940.
 2. From figures provided by the Canadian Office of the British Food Mission.

During 1940 and 1941, imports of wheat from all sources increased by 836,000 tons and 811,000 tons respectively, over the pre-war average, and of the total quantity imported, Canada contributed 51.2 and 82.8 per cent. respectively. From that time, total imports declined and continued to be below the pre-war level, while Britain's dependence upon home-grown grains increased due to shipping difficulties. It is, however, of particular significance that, as supplies from other sources decreased, supplies from Canada continually increased and in 1943 represented as much as 94.4 per cent of the total United Kingdom wheat imports. During the whole of the war period, Canada's contributions represented over 50 per cent of the total flour consumption in the United Kingdom, and in 1941 was as high as 76.5 per cent.

While it is true that during the war years wheat was potentially available in fairly large quantities in certain other exporting countries, considerations of safe transport and the ability of the United Kingdom to find funds to purchase such supplies were definitely limiting factors. But for Canadian supplies, it is apparent that not only would the war effort of the United Kingdom have been seriously impaired, but her populations would have suffered great deprivation or even actual starvation. As stated above, the United Kingdom, in spite of the many other demands on her resources of man-power and materials, increased her home production of wheat by upwards of a million tons a year. Canada, despite heavy demands upon her smaller man-power and material resources, increased her production of wheat from an average of 7 million tons for the years 1934 to 1938, to an average of 11.7 million tons during the war years 1939-1944. During the same periods, Canada's exports of wheat were 4.7 million tons and 6.9 million tons respectively.

Canada's contribution of meat, dairy products, and eggs during the second world war was similarly important. As a result of the shortage of feeding stuffs in the United Kingdom following the outbreak of war, domestic production of carcass meat dropped to about 700,000 tons a year as compared with 1,100,000 tons prewar, and every effort was made to fill the gap by purchasing additional supplies of imported meat. Canada's contribution was principally in the export of bacon in the form of Wiltshires and cuts, supplemented by smaller quantities of beef, mutton, and lamb, and substantial quantities of canned meats. Before the war, Canada's exports of carcass meat to Britain was equal to only .6 per cent of United Kingdom imports and about .3 per cent of her consumption of carcass meat. But in 1945 this amounted to 86,400 tons, and was equal to 5 per cent of the carcass meat consumed in the United Kingdom in that year.

Canada's exports of bacon to the United Kingdom during the pre-war years of 1934-38 averaged 68,000 tons per annum, which represented about 11.7 per cent of that country's consumption of bacon. This was increased to 302,000 tons in 1944, or 75.5 per cent of the United Kingdom's imports, or the equivalent of 56.8 per cent of all of that kind of meat available to the people of Britain in that year. These figures show the importance of Canada's war-time contribution to the United Kingdom's bacon supplies, and this clear evidence that Canada was mainly responsible for the maintenance of the United Kingdom bacon ration during the critical war years will, in itself, afford great satisfaction to all those who, notwithstanding the difficulties of wartime production, persisted in the wartime effort to expand the Canadian bacon industry.

By supplying eggs to the United Kingdom, Canada made another important contribution to the United Kingdom food supply. Between the two world wars, the United Kingdom's main sources of supply of shell eggs and egg products were countries

such as China, Holland, and Denmark. When, through the exigencies of war, these supplies were no longer available, Canada steadily increased production of eggs in order to assist in meeting the deficiency. From 1942 to 1944, Canadian eggs were exported mainly in dried form to economize shipping space, and were used mainly by the bakery trade and the catering trade as a substitute for shell eggs not then available. During the years 1942, 1943, 1944, and 1945, Canadian supplies represented 14, 22, 25, and 31 per cent respectively, of all the egg products issued to these trades in those years, while some supplies also reached domestic consumers. By 1945, Canada resumed the shipping of shell eggs as well as egg products, and contributed 12 of the 47 eggs per capita distributed through controlled channels in that year.

Britain's wartime need for dairy products was met as far as possible by the export of Canadian cheese and processed milk. To meet this greatly expanded demand, cheese production in Canada was spectacularly increased until shipments reached a level about double that of prewar years. In addition, large quantities of evaporated milk were supplied - mainly direct to overseas war theatres. Butter was supplied in limited quantities on only one occasion, but its delivery made possible the maintenance of the United Kingdom's ration when stocks would otherwise have been insufficient.

The policies of the British Government in presenting production objectives for United Kingdom farmers, which greatly modified their agricultural programme in order to utilize shipping services to the maximum advantage, need not be cited here. That this was done through radical adjustments in Britain, and that Canadian farmers also made important changes in production despite shortages of farm labour and scarcities of farm machinery, are well authenticated facts.

This brief summary of Canada's wartime agricultural achievement should be supplemented by a statement of Canada's financial contributions to the United Kingdom and other allied nations for war and immediate post-war purposes.³ These included the repatriation in advance of maturity of securities of the Canadian Government and the Canadian National Railways owned in Great Britain which made about \$700,000,000 available to the United Kingdom Government during the war years. Additional amounts were made available by the purchase during the war of other Canadian securities owned in the United Kingdom totalling approximately \$150,000,000, by the repayment of \$207,000,000 to the United Kingdom Government for its interest in war plants established in Canada early in the war with the aid of British funds, and by a gift in 1942 to the Government of the United Kingdom of \$1,000,000,000 for the purchase of Canadian goods and services. In 1942 also a loan of \$700,000,000 -- interest free during the war -- enabled the United Kingdom to purchase food, munitions and other war materials from Canada. These several financial measures amounted to approximately \$2,750,000,000 and greatly helped the United Kingdom war effort without creating troublesome war debts to be adjusted in the post-war period.

About the same time the Canadian Government initiated a policy of Mutual Aid through which assistance was given to Britain, U.S.S.R., France, China, India, Greece, Australia, New Zealand and British West Indies to the extent of \$2,211,070,000. (Hansard Feb. 4, 1948.) Much of the aid given under this plan was for the purchase in Canada of war equipment and munitions, but a substantial part was for foodstuffs.

3. Figures from Dept. of Finance, Ottawa.

Contributions of \$154,000,000 for the United Nations Relief and Rehabilitation Association (UNRRA), \$19,382,000 for wheat to Greece and about \$95,600,000 for the Combined Civil Affairs Committee (Military Relief) in Europe were made in addition to the larger sums previously mentioned. It must be a matter of great pride for the Canadian people to know that in making these great contributions to the Allied war effort this country made a per capita contribution not surpassed by that of the United States of America in the very generous and greatly serviceable Lend-Lease program.

In this narrative it is proposed to record in greater detail the efforts and accomplishments of Canadian farmers during the Second World War, to cite the difficulties which were met and overcome, to describe the administrative agencies established to give assistance in developing maximum food production, and to appraise the results of the various policies adopted by the administration with respect to wartime agricultural development.

ORGANIZING AGRICULTURE FOR WAR

In two world wars Canadian farmers have experienced conditions of impressive diversity. In the First World War, agricultural policies were somewhat characterized by laissez-faire - at least in the early phases. But as the war progressed and food scarcities threatened the population of the United Kingdom and the success of Allied armies, a greater urgency developed. However, it was not until June 21, 1917, that a Food Controller was appointed in Canada. On February 11, 1918, the Canada Food Board was formed and given all the powers previously vested in the Food Controller. The Chairman of the Board was then designated Director of Conservation and his two associates were respectively named Director of Production and Director of Agricultural Labour.¹

These experiences of the First World War profoundly influenced Canadian Government plans and policies during the Second World War. Prior to the outbreak of war in 1939, and as a result of previous experiences, consideration had already been given to problems which it was felt would arise should war again occur in Europe - an event which seemed then to be imminent.

Although the provisions of the War Measures Act of 1914² had become inoperative after the conclusion of the First World War, the Act had not been repealed. It provides that

"the Governor-in-Council may do and authorize such acts and things, and make from time to time such orders and regulations as he may by reason of the existence of real or apprehended war, invasion or insurrection deem necessary or advisable for the security, defence, peace, order and welfare of Canada."

Under these broad general powers the Cabinet could make regulations having the force of law concerning "trading, exportation, importation, production and manufacture, ... appropriation, control, forfeiture and disposition of property and the use thereof".

This Act was again proclaimed on September 1, 1939, and on its authority was erected the greatest structure of administrative controls ever experienced by Canadians. The objective was the early attainment of effective mobilization of the nation for war. Parliament continued to meet as usual; it debated Government policies and voted war and other appropriations; but the mechanism of government savored of bureaucracy. Under the authority of the War Measures Act, thousands of Orders-in-Council were passed; Crown Corporations were formed; Boards, Controllers, Directors, Co-ordinators and Administrators were appointed and these were supported by technical advisors and advisory committees ensure continuous communication and consultation with organizations of producers and consumers.³

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1. Report of Canada Food Board, King's Printer, Ottawa. (Now out of print.)
 2. Revised Statutes of Canada, 1927, C.206.
 3. This Chapter will merely introduce the principal agencies, - the dramatis personae - concerned with agricultural production and distribution in order to describe very briefly their functions and their mutual relationships. Information regarding powers and personnel will be found in appendices to this Chapter. Policies and operations will be described in greater detail in discussions of wartime production of the farm products of major importance.

A War Cabinet was formed under the chairmanship of the Prime Minister, and several Cabinet Committees were named to give close supervision to all matters of grave importance in the conduct of the war and advise the Cabinet with respect thereto. The Minister of Agriculture was a member of cabinet committees dealing with war finance and supply, wheat, price control and labour,⁴ demobilization and re-establishment, and was also Chairman of the Cabinet Committee which dealt with food production and marketing.

AGRICULTURAL SUPPLIES COMMITTEE

On the 9th day of September, 1939, the day before Canada declared a state of war with Germany, the Minister of Agriculture called a conference of senior officials of his Department to discuss ways and means

"to keep Canadian Agriculture functioning in a manner which would supply the food and fibre needs of the people of Canada and their allies during the period of the war, and leave the Canadian farmer, as far as possible, in a position to follow his normal programme when peace returns."⁵

On the same date authority was given to form an Agricultural Supplies Committee,⁶ which later became the Agricultural Supplies Board, to act as a central directing agency to deal with the problems of food production in Canada during the war. The membership of this Committee consisted of six of the senior officials of the Department of Agriculture.⁷

Special Agricultural Committees - To conserve supplies of essential materials and to promote agricultural efficiency, the Agricultural Supplies Committee organized early in its existence a number of special sub-committees to deal respectively with such matters as the procurement of supplies of seeds, fertilizers and pesticides⁸ for productive uses and the marketing of apples. Some of these sub-committees consisted exclusively of Department of Agriculture officials, while others included officials of other Government departments and business men familiar with trade practices and specially qualified to advise on technical problems.

A Seed Supply Committee was formed on September 22, 1939, to survey Canada's seed resources in order to ensure adequate supplies of seed of field and garden crops, to promote the use of better seed for efficient production, and to conserve seed supplies. To the Fertilizer Supply Committee formed on the same date, was delegated the task of ensuring adequate supplies of fertilizer materials and of endeavouring to prevent greater increases in fertilizer prices than was warranted

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4. After two years under the Minister of Labour, price control came under the direction of the Minister of Finance, August 14, 1941, P.C. 6332. Farm labour policies were administered by the Department of Labour, and wheat marketing was a function of the Canadian Wheat Board which was associated for administrative purposes with the Department of Trade and Commerce.
 5. Agricultural Supplies Board, Annual report, 1940, p.2.
 6. P.C. 2621, Sept. 9, 1939.
 7. Personnel of the Agricultural Supplies Board and the several sub-committees then named will be found in the Appendix at end of Chapter.
 8. The work of these sub-committees was later assigned to Administrators

by unavoidable increases in costs. A Pesticide Supply Committee was formed on October 7, 1939, for the purpose of assisting in conserving essential chemicals used in the control of insect pests and in recommending to the Agricultural Supplies Committee measures designed to ensure adequate supplies for future needs. Apple marketing difficulties appeared early in the War, and a National Apple Advisory Committee to assist the Agricultural Supplies Committee was appointed on October 25, 1939. Its primary function was to advise concerning the disposal of surplus Canadian apples when normal export outlets became restricted as a result of war. This Committee was superceded later by the Fruits and Vegetable Committee, representative of the Departments of Agriculture and Trade and Commerce; and it was in turn disbanded when the Special Products Board was constituted in April, 1941, and absorbed its personnel. During its existence, the Fruit and Vegetable Committee acted as the seller and the shipper of a number of products to the British Ministry of Food prior to the formation of the Special Products Board. The most important of these products were those which the Canadian Government acquired as a result of its assistance to apple growers of Nova Scotia in 1939 and 1940.

A Committee on Advertising, composed of Departmental officials, was formed in November, 1939, to undertake such publicity as was then deemed to be expedient concerning production objectives and to approve or prepare "copy" for use in the Bacon Hog and other advertisements which appeared in the farm press during the ensuing months.

Early in the war, restrictions were imposed on the export movement of a number of scarce commodities required in Canada to maintain agricultural efficiency. A similar control of exports of supplies of strategic importance was exercised by other Government departments; but this area of administration was subsequently allocated exclusively to the Department of Trade and Commerce⁹ which then acted on the advice of interested Boards and Departments.

These were the means employed in Canada at the outbreak of war in order to promote agricultural efficiency and thereby to accomplish the maximum in food production. What was attempted in a somewhat informal way by the Agricultural Supplies Committee and its several sub-committees in 1939 proved in practice to be so complex and involved as to require broader and more comprehensive powers than they possessed. Forms of administration were, therefore, evolved to meet existing conditions. The Agricultural Supplies Committee became a Board, and the duties of the sub-committees were allocated to Administrators who were given such additional powers as were deemed to be necessary to enable them to discharge their duties effectively.

Agricultural Conditions in 1939.

It may be appropriate to review here agricultural conditions as they existed in Canada in 1939. At the beginning of the Second World War, the Canadian farming industry was capable of a greater volume of production than at any previous time. Crop acreage in the western provinces had been expanded during and after the first world war; there had been an increase in the numbers of milch cows in most of the provinces; there were more farms and there was a greater degree of mechanization of farms; more suitable varieties of crops had been developed, and there was a growing application of scientific knowledge to farming practices.

9. See P.C. 2448, April 8, 1941, P.C. 5679, July 7, 1941, et al.

Crop acreage of field crops was increased about fifty per cent from 1914 to 1918, and reached a peak of 59,635,000 acres in 1921 where it remained - with minor fluctuations - until 1939. When the First World War began, the prairie provinces were undergoing their greatest period of development; but their food contribution to the allied cause was dwarfed by inadequate development of crop acreage at the beginning and by low yields during the closing period of the war when new settlers, in the tens of thousands, had each converted a goodly acreage of virgin land for the production of cereal grains.

At the outbreak of war in 1939, Canadian grain stocks were relatively small. The abnormal supplies of wheat which began to accumulate in 1928, had been greatly reduced during the ensuing decade by exports and partially as a result of several unfavourable crop seasons, so that the carry-over at July 31, 1938, was only 24.5 million bushels. Canadian production of other kinds of cereal grains, grown mainly for livestock feeding, seldom exceeds domestic requirements; while a scarcity consequent upon unfavourable growing conditions is sometimes experienced.

Farm Prices - Farm prices were disappointingly low in 1939. There had been a sharp but brief price rise from depression levels when widespread drought in the Prairie Region in 1937 brought disastrous crop failure in a large part of Saskatchewan and Alberta. In its price supporting policy, the Canadian Government had authorized the Canadian Wheat Board to make a cash advance of $87\frac{1}{2}$ cents per bushel for No. 1 Northern wheat in store at Fort William - Port Arthur for crops grown in 1936 and 1937; but this was to be effective only when the relative closing price in the future market went below 90 cents. For the crop grown in 1938 the initial advance price was reduced to 80 cents; and with wheat supplies greatly increased throughout the world and threatening a recurrence of the burdensome surpluses which had made wheat marketing very difficult only a few years before, the initial advance price for wheat grown in 1939 was reduced to 70 cents for the top grade of wheat delivered in store at Lake terminals. Prices of other farm products moved in harmony with grain prices.

Livestock Numbers - Canadian livestock production expanded only moderately in response to war demands in 1914-18. Cattle showed an increase during the first world war of 1,340,000 head while hogs and sheep gains were 37,000 and 326,000 respectively. During the inter-war period there was an over-all increase in numbers of cattle which was due mainly to an increase in milch cows in nearly all parts of Canada while "other" cattle showed substantial cyclical declines. In 1939 there were 780,000 more milch cows in Canada than in 1918, and an increase of 656,000 in other cattle. Western Canada and Quebec showed significant gains in "all" cattle, the chief increase being in numbers of milch cows. In 1939 there were 687,000 more hogs on farms than in 1918 and an increase of 411,000 sheep, while poultry numbers had increased about fifty percent during the same period. The quota of 280 million pounds per annum of pork products allowed by the British Government to Canada in 1932 had not been reached.

Farms and Mechanization - The number of farms in Canada in 1941 was greater by 21,742 than the number in 1921. Farming had become more mechanized during the interval between the two world wars. The Director of Production had been able to procure 1123 Fordson tractors in 1917-18, which was considered an important achievement. (The number in 1941 was 159,752, and seventy percent were on prairie farms.) More efficient types of farm tractors and other kinds of machines had been developed. And while these displaced farm horses at an accelerated rate, particularly in the prairie region, this change made the farm proprietor less dependent upon hired help, and was to exert an important influence upon the operation

of larger farms when reserves of manpower became deleted as a result of the competing requirements of war industry and the armed services.

Agricultural Science - On the basis of scientific achievements, Canadian Agriculture was in a much stronger position than at the beginning of the First World War. Dr. E.S. Archibald said in 1948 that during the past twenty years plant breeders and scientists had solved problems that had been causing losses amounting to one hundred million dollars annually. Wheat stem rust - the scourge of the prairie farmer - had been rendered well-nigh harmless; and the development of new varieties of wheat before the outbreak of the Second World War had, in the opinion of Dr. L.H. Newman, enabled Canadian farmers to increase wheat production by an additional three hundred million bushels during the war period.

It should be obvious, therefore, that despite the deterioration of farm morale and equipment during the preceding years of depression and crop failure, Canadian farmers, with crop acreage increased and a satisfactory nucleus of breeding stock, possessed facilities at the outbreak of war which required only favourable weather and appealing incentives to effect production achievements surpassing all previous attainments.

THE AGRICULTURAL SUPPLIES BOARD

The Agricultural Supplies Board was formed in March, 1940, to succeed the Agricultural Supplies Committee. The personnel of the Committee was not changed but the Board was given much greater authority than the Committee had been allowed. According to the preamble of the Order-in-Council¹⁰, the Board was formed

"... in order to ensure that the agricultural resources of Canada should be utilized to the best advantage during the war" and "for constructive direction of agricultural production and for dealing with matters pertaining to the purchase and distribution of supplies for use in agricultural production and for the preparation and conservation of agricultural products".

The Agricultural Supplies Board was the senior of a number of administrative organizations related to agriculture under war conditions. The Board itself administered a number of Government policies related to food production but some of the most important were assigned to Administrators who were given extensive powers of control of the products with which they were concerned. A duty of the Agricultural Supplies Board, in addition to its responsibilities with respect to agricultural production, was that of participating in the negotiation of agreements between the Government of Canada and the Government of the United Kingdom for such surpluses as Canada could provide of meat, dairy products, poultry products, fruits and vegetables and seeds of field and garden crops, flax fibre and other products. The task of fulfilling these agreements became the duty of commodity boards established for the purpose.

It was intended that the Agricultural Supplies Board would lead the food producing services of Canada in a program of food production to serve the wartime needs of this country and the countries associated with us in the war, and at its conclusion leave Canadian agriculture in a position to follow its normal program in the post-war era.

10. P.C. 948, March 6, 1940. For details of personnel see Appendix

THE WARTIME PRICES AND TRADE BOARD

This record deals primarily with administration policies respecting agricultural production and marketing. Some of the important wartime agencies were primarily concerned with production. Others were involved principally in marketing. In the former class were the Agricultural Supplies Board, The Agricultural Food Board and the several special committees of the Agricultural Supplies Board. In the latter group were the Bacon (Meat) Board, the Dairy Products Board and the Special Products Board. Closely associated with both of these groups of organizations, but with objectives somewhat different, was the Wartime Prices and Trade Board whose policies and comprehensive and firm control over food distribution and the prices of goods and services inevitably affected agricultural production.

The Wartime Prices and Trade Board¹¹ was given power, when constituted, to control the price, supply and distribution of the "necessaries of life." Two years later, this authority was enlarged to include "goods and services" not specifically placed under the jurisdiction of the Wartime Industries Control Board or any Controller of the Department of Munitions and Supply.¹²

To provide liaison between the Agricultural Supplies Board and the Wartime Prices and Trade Board, and to coordinate as far as possible their respective policies concerning agriculture, two members of the Agricultural Supplies Board - one of them its chairman - were made members of the Wartime Prices and Trade Board.

To administer price control over foodstuffs, to maintain adequate supplies of food for civilian use and to ensure equitable distribution thereof from producer to consumer, a Foods Administration was organized within the Wartime Prices and Trade Board. The chief of the Foods Administration was known as the Foods Co-ordinator, and he was assisted by three Deputy Co-ordinators associated with whom were sixteen Administrators.

Administrators - As the war progressed and the demand for food increased, it became apparent that production would suffer unless the supplies needed by the agricultural industry were adequately safeguarded and regulated. Such supplies can be roughly grouped in two classes: those grown by farmers themselves, such as pasture, hay, feed grains, corn, and seed: and those produced commercially, such as livestock feeds, fertilizers, and pesticides. Other supplies of a capital nature, such as farm machinery, trucks, building supplies, fencing, equipment, etc., were of equal importance, and their production under the war economy, when man-power was becoming increasingly scarce and costly, presented additional problems. Thus the procurement of ample supplies and the maintenance of reasonable prices were somewhat different phases of this important problem. Both the Agricultural Supplies Board and the Wartime Prices and Trade Board had a vital interest in it. A solution of these intricate problems affecting supplies was sought by appointing Administrators of Feeds, Flax fibre, Fertilizers, Pesticides and Seeds responsible to the Agricultural Supplies Board with respect to matters of production and supply, and to the Wartime Prices and Trade Board with regard to prices. These Administrators who were senior officials of the Department of Agriculture, were appointed by Order-in-Council, and were given extensive powers under the authority of the War Measures Act.¹³

11. P.C. 2156, Sept. 3, 1939. The W.P.T.B. published reports periodically during its existence.

12. P.C. 6834, Aug. 28, 1941, and P.C. 6835, Aug. 29, 1941.

13. Reports of Administrators are given in Chapters 6 - 10 inclusive.

Technical Advisers of the Agricultural Supplies Board - The appointment of Administrators of these several kinds of agricultural supplies, and the consequent granting through them of additional powers to the Agricultural Supplies Board enlarged its scope and increased its responsibilities. The Board at that time obtained the assistance of three technical workers seconded to it from the staff of the Department of Agriculture. One of these became Economic Adviser, another was Technical Adviser on Fruits and Vegetable Processing, and a third who acted as Technical Adviser on Equipment and Containers was also liaison officer between the Agricultural Supplies Board, the appropriate Administrators of the Wartime Prices and Trade Board and certain Controllers of the Department of Munitions and Supply.

Some Agencies of the Wartime Prices and Trade Board - In its very comprehensive program of controls directly related to Agriculture the Wartime Prices and Trade Board used existing agencies such as the Canadian Wheat Board or formed others such as the Canadian Wool Board, whose respective activities will be mentioned in connection with wheat and wool. Two other agencies of the Wartime Prices and Trade Board of special interest in a study of agricultural administration were the Commodities Prices Stabilization Corporation, Ltd., and its subsidiary, the Wartime Food Corporation, Ltd.

Constituted in December, 1941, for the purpose of facilitating, under the direction of the Wartime Prices and Trade Board "the control of prices of goods, wares and merchandise in Canada" which were affected by prices prevailing in foreign markets, the Commodity Prices Stabilization Corporation, Ltd., was designated as the fiscal agency of the Wartime Prices and Trade Board through which its subsidy policies were administered.

To procure scarce materials of high essentiality and to prevent further rises in the cost of living, subsidies were paid by Commodity Prices Stabilization Corporation to importers of essential products not otherwise available to Canadians, and to domestic manufacturers in order to enable retailers to sell in accordance with authorized ceiling prices.¹⁴

The Wartime Food Corporation, Limited, a subsidiary of the Commodity Prices Stabilization Corporation, was established in May, 1942,¹⁵ "for the purpose among others of buying and selling cattle with a view to stabilizing, within reasonable limits, marketings and prices of cattle." For a short time in that year, and under the price disparities then existent as between Canadian and United States cattle markets, it bought Canadian beef cattle from producers in public markets at competitive export prices and resold them in the domestic market at such lower prices as would permit the carcasses to sell within established ceiling prices for meat. Officials of the Marketing Service, Department of Agriculture assisted by valuing cattle bought by the Corporation.

When the export of beef cattle to the American markets was discontinued in September, 1942, the Wartime Food Corporation was reorganized for the purpose of ensuring a satisfactory supply of staple fresh fruits and vegetables. It had power to arrange for imports of fruits and vegetables to buy supplies when necessary,

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14. During the war the W.P.S.C. subsidized more than 200 classes of imports and about 50 lines of domestic production. See reports of W.P.T.B.
 15. P.C. 4269, May 20, 1942. See also Chapter 11, Production and Marketing of Livestock.

to control distribution, and to direct shipments from surplus areas to deficiency areas. It also administered certain policies involving the payment of subsidies in connection with fruits and vegetables.¹⁶

AGRICULTURAL FOOD BOARD

Subsidies were important in wartime in maintaining price stability. To some extent they were used to prevent food and other prices from advancing. Subsidies to farmers were paid in order to encourage and assist the continued production of essential commodities. Some subsidies were also designed to improve the quality of the product as in the case of those paid for hogs, cheese and wool.

For example, subsidies on dairy products were paid by the Wartime Prices and Trade Board through the Commodities Prices Stabilization Corporation to enable consumers of whole milk to get supplies at a reduced price, to correct price inequalities and so to encourage and maintain the production and use of dairy products. Through the C.P.S. Corporation, flour millers received a draw-back or subsidy to enable them to provide flour at low cost for bread making so that the price benefit could be passed on to the consumer. The Agricultural Supplies Board also paid certain kinds of subsidies. These included assistance to apple growers to stabilize operating income, subsidies to users of fertilizers for crop production, transportation assistance on feed grains and rebates on certain kinds of grain for feeding to livestock. Since two important agencies of Government operated in this field, further standardization of procedure became necessary.

Notwithstanding the best efforts to co-ordinate the policies and procedure of the Agricultural Supplies Board and the Wartime Prices and Trade Board in regard to production incentives with respect to agricultural products, this result was not always satisfactorily attained. A solution was sought in the formation of the Agricultural Food Board,¹⁷ which was given the duty, in co-operation with the Agricultural Supplies Board, of developing and directing the policies and measures of the Department of Agriculture for wartime production of food; to co-ordinate the activities of all Commodity Boards established under the Department of Agriculture; to direct the diversion of food products produced in Canada between exports, the armed forces and deficiency areas; to advise the Wartime Prices and Trade Board as to significant development in production and food supply; to consult the Wartime Prices and Trade Board with regard to prices and subsidies necessary to increase food production; and to provide a medium through which co-operation between the Department of Agriculture and the Wartime Prices and Trade Board might be maintained. Perhaps the most important function of the Agricultural Food Board was related to the payment of subsidies to producers to encourage and promote a greater production of milk and milk products, vegetable crops for canning, berries for processing as jams and canned fruit and white and yellow-eye dried beans. The Wartime Prices and Trade Board continued to be responsible for the payment of all consumer subsidies including the subsidy on milk.

16. The Wartime Food Corporation was given all the powers of the C.P.S.C. by P.C. 624, Feb. 1, 1944.

17. P.C. 1563, March 1, 1943.

The Agricultural Food Board was composed of a number of senior officials of the Department of Agriculture who, collectively, represented the Agricultural Supplies Board and the Commodity Boards which had the responsibility of procuring the products covered by sales agreements between the Governments of Canada and the United Kingdom. The Secretariat concerned with the administration of subsidy payments included several members of the permanent staff of the Economics Division, Marketing Service. With this Secretariat were associated in the administration of subsidies the Treasury Office of the Department of Agriculture, the Divisions concerned with Dairy Products and Fruits and Vegetables, the provincial milk control agencies and Provincial Dairy Commissioners. A recovery of subsidies was required when butter was used for industrial purposes in Canada and when subsidized products were exported or used for ships' stores. Such collection of refunds was the responsibility of Government Departments which regulated transactions in which such subsidized foods were involved.

It will be seen that the Agricultural Food Board was not only a co-ordinating agency between the Wartime Prices and Trade Board and the Department of Agriculture but was also itself to some degree a correlator of several special wartime agencies of the Department of Agriculture concerned with food production and disposal.

COMMODITY BOARDS

A number of Commodity Boards were formed in Canada at the request of the British Ministry of Food to fulfil wartime food agreements between the Governments of Canada and the United Kingdom. Unlike the Agricultural Supplies Board, these Boards were less concerned with production problems than with the disposal of food surpluses when they arose and with the day-to-day procurement of meat, dairy products, eggs and other food supplies to meet Canadian commitments to the United Kingdom. These Boards were the responsible agencies between the producers and processors of certain kinds of food and the Ministry of Food; and their duty was primarily to see that these several agreements were satisfactorily fulfilled by the orderly movement of supplies and that the commodities provided were in accordance with the specifications.

Through the Orders-in-Council by which they were constituted these three Boards exercised extraordinary powers with respect to the procurement, processing, storage and delivery of commodities covered by agreements between the negotiating Governments; but the operations of the Boards were also governed by the several agreements with which they were concerned. Not the least important of their wartime powers was that which enabled them to requisition products which they required for the fulfilment of export agreements. The Boards were authorized to determine the prices to be paid for the products which they handled; but they were each required to operate within the funds available to them respectively under the several agreements and to defray from them all expenses except those of administration which were paid by the Canadian Government.

The Bacon (Meat) Board - First of the Commodity Boards to be formed was the Bacon Board.¹⁸ It was the successor of a Special Departmental Committee named by the Agricultural Supplies Committee at the outbreak of the war to consider what should

18. P.C. 4076, December 13, 1939.

be done in the event of agreement being reached regarding the purchase of large quantities of Canadian bacon by the Government of the United Kingdom. With its special powers to regulate the marketing of hogs it exercised a dominating influence in the processing, storing and transportation of pork products and in the allocation of pork for domestic consumption. The Bacon Board was also an active participant when bacon and meat agreements with the United Kingdom were being negotiated. Important consequences were involved when the Government embargoed the export of beef cattle from Canada to the United States in 1942 in order to conserve meat supplies. One of these was the need of support prices for beef which had formerly been at ceiling levels so long as the export of beef cattle was permitted. This was accomplished through an enlargement of the powers of the Bacon Board to include within the sphere of its operations the handling of other kinds of meat as well as pork. At that time the Bacon Board was reorganized and the Meat Board¹⁹ was formed without change of personnel. The Meat Board was given general responsibility for carrying out all agreements for the purchase and delivery of meat to the United Kingdom. By arranging sales of beef to the United Kingdom the Meat Board was able to support beef prices in Canada at a reasonable level and thus prevent a serious decline in the prices paid for cattle.

The Dairy Products Board - When the Governments of Canada and the United Kingdom reached agreement on the purchase and delivery of cheese and certain other dairy products to the United Kingdom, the Dairy Products Board²⁰ was constituted with powers and duties very similar to those of the Bacon Board.

The Dairy Products Board was given power to regulate the export of dairy products in order to carry out agreements made with the United Kingdom. The Board had power to require any manufacturer or exporter to store dairy products for future delivery to the United Kingdom Ministry of Food; to determine the prices to be paid; to inspect dairy products delivered or to be delivered pursuant to requirements of the Board; to require priority of delivery; to fix the minimum prices to be paid; to require periodical returns and to license exporters of dairy products. These powers were subsequently amended and enlarged to regulate the export of dairy products to any country and to require any dairy product to be delivered or diverted for manufacturing as the Board might deem necessary and to limit or restrict the quantity of any dairy product that might be accepted, purchased, manufactured or processed by any person. When local scarcities of butter and cheese occurred, the Board was empowered to prohibit or regulate the shipment of any dairy product between provinces in Canada.²¹

The Dairy Products Board did not buy or sell dairy products but acted only as an agent, with the exporter invoicing the goods to the British Ministry of Food at Agreement prices. It was the policy of the Board to carry out its operations with the least disturbance of peace-time procedure and to utilize available facilities by arranging to obtain its requirements through firms already established in the business of exporting dairy products.

The principal dairy products exported through the Dairy Products Board to the Ministry of Food were Cheddar cheese, evaporated milk and dried skim milk, although small quantities of creamery butter and dried whole milk also were exported.

19. P.C. 4187, June 3, 1943. See Appendix

20. P.C. 2138, May 23, 1940; P.C. 3197, May 7, 1941; P.C. 143, January 10, 1941.
See also Chapter 12.

21. P.C. 1984, March 25, 1941.

The Special Products Board - To handle the marketing of eggs and other products contracted for by the British Ministry of Food, the Canadian Government organized the Special Products Board²² which was constituted on April 15, 1941. The Special Products Board was authorized to deal with export orders for eggs and any other agricultural product, processed or unprocessed, except meat and dairy products which were dealt with by the Bacon (Meat) Board and the Dairy Products Board respectively.²³ The regulations of the Special Products Board also were very similar in principle to those authorized for the Bacon Board. Its powers were extended on March 20, 1942,²⁴ to include agreements with governments other than that of the United Kingdom. On August 4, 1942, the powers of the Board were further extended by the authorization of certain regulations with respect to the export of certified seed potatoes.²⁵

National and International Committees

Beyond the special responsibilities of the Department of Agriculture and the Wartime Prices and Trade Board was the wider area of International Relations. Several "Combined Boards" were formed in Washington early in 1942 to co-ordinate the war efforts of the United Kingdom and the United States. Associated with the Combined Chiefs of Staff, with their several committees, were Combined Boards for special services associated respectively with Shipping, Production and Resources, Raw Materials and Food. The latter was of particular interest to several agencies of the Canadian Government concerned with food production and marketing.

Food Requirements Committee - To co-ordinate food policies in Canada and to reach acceptable conclusions regarding the production and the use of available food supplies, it became necessary for interested Departments to provide a continuous exchange of information in connection with the development of policies respecting agriculture. To provide a suitable agency by which such co-operation could be attained, a Food Requirements Committee²⁶ was constituted on October 22, 1942. This Committee was composed of representatives of the Departments of Agriculture, External Affairs, Finance, Fisheries, Trade and Commerce, Pensions and National Health and the Wartime Prices and Trade Board. It acted in an advisory capacity on matters affecting food supply referred to it by the Cabinet War Committee or by any of the Departments or agencies of Government. It considered all major questions of policy in connection with food production, supply, imports, and exports. The Food Requirements Committee also afforded information to the Combined Food Board at Washington regarding Canada's food supply position and acted in a liaison capacity between Canada and the Combined Food Board.

22. P.C. 2520, April 15, 1941.

23. Wheat was handled by the Canadian Wheat Board.

24. P.C. 4211, June 17, 1941; P.C. 2164, March 20, 1942; P.C. 9138, October 6, 1942.

25. P.C. 6836, August 4, 1942. The Special Products Board was organized by Divisions which had special duties to discharge in the marketing of poultry products, fruits and vegetables, flax fibre, field and vegetable seeds and certified seed potatoes. These operations are further described in Chapters 7, 8, 13, 14 and 15 which are devoted to a discussion of these commodities.

26. P.C. 9692, October 22, 1942.

When it became necessary in 1944 to review the food situation constantly in view of the increasingly urgent food needs of the United Kingdom and of the other United Nations and UNRRA, it was found expedient to reorganize the Committee so that all of these food requirements could be considered in relation to each other, to Canada's food production, to the price ceiling and the essential requirements of food for domestic consumption in order to achieve complete mobilization of Canada's food resources for war and for the achievement of the ends for which the war was being fought. Moreover, the Combined Food Board required comprehensive information concerning Canada's supplies, requirements and plans for production of foodstuffs, and it, therefore, became necessary that the Food Requirements Committee be particularly concerned with the effect of these policies upon the volume of food supplies available for Canadian civilian and military use and for alternative urgent external requirements, including relief. In July, 1944, the Committee was, therefore, reconstituted²⁷ with a membership composed of senior representatives of the Departments previously named. This Committee acted in an advisory capacity to the Cabinet War Committee on questions of policy with respect to exports of foods from Canada.

Joint Economic Committee, Canada and United States - To obtain greater economic co-operation between Canada and the United States was the purpose of the Joint Economic Committee formed early in 1941. An agricultural sub-committee of this Joint Committee was named late in 1941 to make recommendations concerning wartime and post-war adjustment problems in the two countries.

Several useful proposals were made by this sub-committee regarding the production and disposal of farm crops and food essentials. It also recommended a freer movement and greater co-operation between Canada and the United States in the seasonal use of scarce farm labour and harvesting machinery which proved highly effective.

Canada - United States Joint Agricultural Committee - This Joint Committee was formed in March, 1943,²⁸ to co-ordinate the efforts of Canada and the United States in the wartime production of food. There were separate sections of this Committee, and the Canadian Deputy Minister of Agriculture and the United States War Foods Administrator were the chairmen of their respective sections.

The Joint Agricultural Committee had no administrative authority, and it ceased to meet after Canada became a member of the Combined Food Board in October, 1943.

The Combined Food Board - This Board, formed in 1942, was composed originally of representatives of the Governments of the United Kingdom and the United States in order to provide means for the discussion of problems associated with the production, procurement, allocation and distribution of food supplies. Before Canada was invited to become a member of the Combined Food Board her voice was heard through several committees of the Board. Administrators on the staffs of the Department of Agriculture and the Wartime Prices and Trade Board concerned with agricultural seeds, oils and fats, meat and meat products, sugar, fertilizers, pesticides and farm machinery had been attending meetings of Committees of the Board concerned with these commodities. The Washington representative of the

27. P.C. 4892, July 4, 1944.

28. P.C. 2044, March 15, 1943.

Department of Trade and Commerce who was also the Commerical Attaché of the Canadian Legation, assisted in the co-ordination of the work of these Canadian representatives with the Combined Food Board. When conclusions were reached they were communicated to their respective governments in order that the most equitable and efficient use could be made of available supplies. The Combined Food Board also worked co-operatively with the London Food Council. When the International Emergency Food Council was formed in June, 1946, the Combined Food Board was discontinued.

British Food Mission

Before the opening of an office of the British Food Mission in Ottawa in 1942, it was the practice of the Canadian Government to make direct contact with the British authorities by sending representatives, including the chairman of the Agricultural Supplies Board, to London as circumstances required in order to ascertain what Canadian farm products would be needed. The establishment of a British Food Mission in Washington in 1941 greatly facilitated the discussion of food production and distribution problems of chief concern to Britain, the United States and Canada. The subsequent opening of the Ottawa office of the British Food Mission was a further step in improving the opportunities for discussion and negotiation of contracts and the export of food from Canada to Britain and Allied countries. The office of the Canadian High Commissioner in Great Britain was also constantly available for discussion with officers of the United Kingdom Government concerning shipments of Canadian food and other commodities to Britain.

Provincial Agencies Concerned With Food Production

The services of Farm Organizations, Provincial Departments of Agriculture, Colleges of Agriculture and Rural Municipalities were available to the Government in its program of food production. Through the annual Production Conferences and other conferences mutually acceptable understandings were reached concerning desirable production objectives and the policies proposed to achieve them. The record shows that the war production program was generously supported even though occasionally there were some policies which gained only moderate approval.

Further References

It is hoped that these comparatively brief references to the Wartime Organization of the Canadian Department of Agriculture will assist in providing an understanding of its structure and functions and of its relationship to the Wartime Prices and Trade Board. References are made in subsequent chapters to the work of the several Boards, Committees and Administrators, and the appendices include fuller details respecting the personnel, duties and powers of the several Boards and Committees mentioned in this chapter.

APPENDIX

AGRICULTURAL SUPPLIES COMMITTEE (BOARD)

Order in Council dated September 9, 1939, P.C. 2621, established the Agricultural Supplies Committee and set out the powers and duties of the said Committee.

Order in Council dated September 9, 1939, named the following officers of the Dominion Department of Agriculture as members of the Agricultural Supplies Committee:

Chairman	-	A. M. Shaw, Director, Marketing Service
Vice-Chairman	-	R. S. Hamer, General Executive Assistant
Members	-	E. S. Archibald, Director, Experimental Farms Service
	#	G. B. Rothwell, Director, Production Service
		A. T. Charron, Assistant Deputy Minister
		J. M. Swaine, Director, Science Service
Ex-officio Member		G. S. H. Barton, Deputy Minister

- # On December 3, 1939, the death occurred of G. B. Rothwell and his place on the Committee was taken by J. M. McCallum, Acting Director, Production Service.

On March 6, 1940, under authority of Orders in Council P.C. 948 and 949, the Agricultural Supplies Committee was reconstituted as the Agricultural Supplies Board, with the same Chairman and Members. During the war years several changes in the personnel of the Board occurred. Early in 1940 A. T. Charron retired and J. G. Bouchard was appointed to succeed him as Assistant Deputy Minister, and in this capacity replaced him on the Board. R. S. Hamer was appointed Director of Production Service, and Mr. McCallum asked to be relieved of membership on the Board, and because the Production Service was now represented by Mr. Hamer, Mr. McCallum's resignation was accepted. S. R. N. Hodgins, who had been Secretary of the Board since its establishment as a Committee, was appointed General Executive Assistant in the Department and became a member of the Board by Order in Council dated May 6, 1943. J. R. Peet, who had been Assistant Secretary assumed the secretarial duties.

Other Officials

Economic Advisor	W. C. Hopper, Principal Economist, Agricultural Economics Division, Dominion Department of Agriculture.
Technical Adviser on Equipment and Containers	J. M. Armstrong, Agricultural Engineer, Experimental Farms Service and Secretary, Eastern Canada Agricultural Engineering Committee.
Technical Adviser on Fruit and Vegetable Processing	R. W. Arengo-Jones, Horticultural Division, Experimental Farms Service. Mr. Arengo-Jones resigned in 1945 and his work was continued by members of the staff of the Division of Horticulture.

SPECIAL COMMITTEES

To assist in carrying out its duties, the Agricultural Supplies Committee established three sub-committees, as follows:

- A Seed Supply Committee (September 22), consisting N. Young (Chairman), T. M. Stevenson, W. T. G. Weiner, L. H. Newman, C. Sweet, L. S. McLaine.
- A Fertilizer Supply Committee (September 22), consisting of G. S. Peart (Chairman), L. W. Wright, E. S. Hopkins, G. D. Mallory, W. H. Losee (the latter two from the Department of Trade and Commerce).
- A Pesticide Supply Committee (October 7), consisting of G. S. Peart (Chairman), Arthur Gibson, H. T. Gussow, A. G. Lochead, C. H. Robinson, E. A. Watson, L. S. McLaine, G. D. Mallory, W. H. Losee. A. M. W. Carter was appointed as Secretary to these three sub-committees.

In connection with an offer by the British Ministry of Food to purchase a year's supply of Canadian bacon, two sub-committees were set up:

- A production committee under the chairmanship of G. B. Rothwell, with members chosen from the Dominion Department of Agriculture personnel.
- A committee under the chairmanship of L. W. Pearsall to work out machinery for putting the proposed contract into effect, and including representatives of the Canadian packing industry.

To assist Dominion Department of Agriculture officials and others charged with the responsibility of advertising and merchandising the 1939 crop of Canadian apples, the Agricultural Supplies Committee established:

- A National Apple Advisory Committee, consisting of R. L. Wheeler (Chairman), M. V. McGuire, representing British Columbia, G. H. Laird, representing Ontario, W. J. Tawse, representing Quebec, F. W. Walsh, representing Nova Scotia, with L. F. Burrows as Secretary.

ADMINISTRATORS

- Seeds Administrator - Nelson Young, Chief, Plant Products Division, Dominion Department of Agriculture.
- Feeds Administrator - F. W. Presant, Manager, Feed Department, Toronto Elevators Ltd., Toronto.
Mr. Presant resigned on October 13, 1943, and was succeeded by J. G. Davidson, Director of Feeds Administration, Wartime Prices and Trade Board, Montreal.
- Fertilizer and Pesticides Administrator - G. S. Peart, Chief, Plant Products, (Fertilizers and Pesticides), Dominion Department of Agriculture.
- Flax Fibre Administrator - Nelson Young, Chief, Plant Products Division, Dominion Department of Agriculture.

AGRICULTURAL FOOD BOARD

Order in Council, dated March 1, 1943, established the Agricultural Food Board, and it continued in effect from January 1, 1946, to May 15, 1947, under the National Emergency Transitional Powers Act, 1945.

The members of the Board were:

- Chairman - G. S. H. Barton, Deputy Minister of Agriculture.
- Vice-Chairman - A. M. Shaw, Director of Marketing Service, Department of Agriculture, and Chairman, Agricultural Supplies Board.
- Members - R. S. Hamer, Director, Production Service, Department of Agriculture and Vice-Chairman, Agricultural Supplies Board.
- J. F. Booth, Associate Director, Agricultural Economics, Marketing Service, Department of Agriculture.
- # - J. F. Singleton, Associate Director, Dairy Products, Marketing Service and Chairman, Dairy Products Board, (alternate W. C. Cameron, Chief, Dairy Products and Inspection Service).
- # - L. W. Pearsall, Marketing Service and Secretary-Manager, Meat Board.

Ex-officio for the products dealt with by their respective Boards.

THE BACON (MEAT) BOARD

- Chairman - J. G. Taggart, Food Coordinator, Wartime Prices and Trade Board, Ottawa.
- Members - S. E. Todd, Council of Canadian Meat Packers, Toronto.
- L. C. McQuat, C.P.R., Montreal.
- A. Moran, Asst. Deputy Minister of Agriculture, P.Q.
- Manager - L. W. Pearsall, Livestock Inspection and Grading Services, Department of Agriculture, Ottawa.

DAIRY PRODUCTS BOARD

- Chairman - John F. Singleton, Associate Director, Dairy Products, Marketing Service, Dominion Department of Agriculture, Ottawa.
- Members - John Freeman, Montreal.
- J. F. Desmarais, Montreal.

SPECIAL PRODUCTS BOARD

- Chairman - A. M. Shaw, Director, Marketing Service, Department of Agriculture, Ottawa.
- Members - R. S. Hamer, Director, Production Service, Department of Agriculture, Ottawa.
- T. G. Major, Chief, Foods Division, Department of Trade and Commerce, Ottawa.

The Board had as advisers senior officials from the various commodity units of the Department.

Note: The personnel of some Boards changed during the war years. The annual volumes of The Canadian Almanac may be consulted for further details.

Chapter 3

THE STORY OF CANADIAN WHEAT DURING THE WAR YEARS

The production of grain in Canada from 1938 to 1946 inclusive set new records and in comparison with the previous five year period was quite exceptional. Canadian production of wheat in these eight years averaged 414 million bushels, the previous five years produced an average of 248 million bushels and the long term average was 310 million bushels. Relative figures of oat production are 432,125,000, 312,630,000 and 383,158,000 respectively. Equally impressive are the figures of barley production with an average of 155,924,000 and 73,224,000 in these two periods and a long-term average of 73,861,000 bushels. In the phenomenally productive year, 1942, the total yield of wheat was 556,684,000 bushels; oat production was 651,954,000 bushels and barley was 259,156,000 bushels. (See graphs in Appendix to Chapter.) While recognizing fully the contribution of agricultural scientists in the improvement of agricultural methods and the efforts of farmers in the management of their properties, the contrast in over-all production in the years immediately before and after 1938 is so marked that no small part of the increase must be attributable to the assistance of bountiful Nature through the strenuous years of War. This great accumulation of grain permitted a similar expansion of livestock and poultry production and provided a large surplus for the alleviation of distress in devastated countries at the termination of the war.

The merchandising of the Canadian wheat crop during two decades from 1928 to 1948 brought many problems and provided, as well, some instructive experiences. It was unnecessary to create an agency for the war-time marketing of grain as there was in existence the Canadian Wheat Board which had been given statutory authority in 1935 to continue the liquidation of accumulated stocks of wheat and to stabilize wheat prices at specified levels.¹ On September 27, 1943, the marketing of wheat became a Government monopoly for the duration of the war, and the wheat "Futures" market of the Winnipeg Grain Exchange was closed. The administrative experiences of the Wheat Board prior to the outbreak of war provided an invaluable preparation for the varied responsibilities it was required to undertake in the war-time marketing of grain.

The accumulated carry-over of 217,657,000 bushels on July 31, 1933, was reduced to normal proportions by July 31, 1938, when the quantity of Canadian wheat in all positions in Canada and the United States was 24,535,858 bushels and the total visible supply of wheat, oats, barley and rye amounted to only 51,666,921 bushels. The situation quickly changed, however, and surpluses began again to accumulate in Canada as well as in other exporting countries, because of larger yields of small grain crops, and an abandonment of exports to regions which came under German domination in 1940. On July 31, 1943, the domestic carry-over of the four principal grains amounted to 828,513,791 bushels and the then growing crop produced a total additional quantity of Canadian grain of no less than 989,167,000 bushels, or a grand total of 1,817,680,000 bushels - more than had at any previous time been available in Canada. (See graph in Appendix to Chapter.)

Restrictions on Grain Marketing

Abundant grain crops in many countries in 1938 and 1939 with restricted international trade in wheat resulted in a number of changes in the Canadian Wheat Board Act in order the better to cope with marketing problems which were imminent.

1. The support price was 87½ cents in 1935-36 and 37; 80 cents in 1938; 70 cents in 1939-40 and 41; 90 cents in 1942 and \$1.25 in September 1943. These were initial advances, basis Number 1 Northern in store Fort William-Port Arthur or Vancouver; and the growers holding participation certificates were entitled to share in any surplus acquired by the Board in the sale of wheat of the respective years. Losses were absorbed by the Government. Fuller details are given in the annual reports of the Canadian Wheat Board.

Included in the amendments to the Act which were given Royal Assent on August 7, 1940, were clauses which gave power to the Board to regulate deliveries by producers at country, mill and terminal elevators and loading platforms and permitted the payment of storage on farm-stored wheat at a rate not greater than the established country elevator tariff rate. These two were some of the changes in the Act designed to facilitate the marketing of grain under war conditions. Under this authority and with the approval of the Governor in Council the Wheat Board undertook, in 1940, the issuance of marketing "permits" to farmers in the prairie region so as to share the available elevator space as equitably as possible in the marketing of the 1940 wheat crop.

Regulations of the Wheat Board governing deliveries were approved on August 7, 1940.²

"These regulations provided that no wheat, oats or barley could be delivered without a permit from The Canadian Wheat Board. The permits had to be obtained from an elevator agent and were not valid until the statutory declaration had been sworn before a Justice of the Peace, Notary Public or Commissioner for Oaths. The first copy of the statutory declaration was returned to the Board for record purposes and the second remained in the permit book. When the producer received his permit, he selected one delivery point for his grain, although special dispensation was made for producers with widely separated farms to permit delivery at two or more stations by dividing their lands on two or more permits. Each delivery was then recorded in the permit book, in net weights, and it was provided that the aggregate deliveries must not exceed the established quota. The agent of the company receiving delivery was required to record these deliveries in the permit book. It was further provided that only one permit book could be issued for each farm or group of farms operated as a unit. The producer actually carrying on the farming operations had the prior right to possession of the permit and all questions as to the priority and division of deliveries as between growers, landlords, vendors, mortgagees and other persons entitled to the grain had to be settled by the various parties between themselves. All the deliveries from the one farm had to be recorded in the one book and no person was allowed to deliver wheat from any land other than that described in his permit. Shipments over the loading platform were also permissible under certain conditions."

Heavy penalties were provided for infractions of the Act and regulations, not only for those directly concerned, but also for those indirectly concerned in grain deliveries in breach of the law.

In explanation of the need for a system of controlled deliveries the following extract from the Board's announcement of August 7, 1940, is offered:³

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2. P.C. 3750, August 7, 1940. Canadian Wheat Board Annual Report, 1940-41, page 4.
 3. Canadian Wheat Board Annual Report, 1940-41.

"The extreme difficulties of the situation will be apparent when it is pointed out that at July 31, 1940, the carry-over of old wheat in Canada was about 270,000,000 bushels, with a further 20,000,000 or 25,000,000 bushels of Canadian wheat in the United States. The new wheat crop in the west is estimated at well over 400,000,000 bushels and there will be about 22,000,000 bushels more produced in Ontario. Our present elevator storage capacity is 424,000,000 but a deduction from this figure is necessary to provide working space. After allowance for temporary elevator annexes, and some additional storage in the United States, it is calculated that the net available storage capacity for the new crop will be 150,000,000 to 160,000,000 bushels."

Plans for 1941-42

In concluding its report of operations during the grain marketing year 1940-41 and outlining plans for the following year, the Canadian Wheat Board said:⁴

"With the carry-over of Canadian wheat threatening to exceed 500 million bushels, and with storage facilities badly congested, it seemed clear that continuation of the traditional policy of unrestricted wheat production was not **advisable** under war conditions. The considerable outlay for storage and carrying charges on huge stocks of wheat could not logically be increased, when the funds were needed in more direct war effort. There developed a fairly common agreement that wheat deliveries must be restricted to the amount of wheat that could be sold at home and abroad during the crop year 1941-42. After arriving at a composite figure of 230 million bushels estimated to cover this disposal, the problem of dividing such deliveries equitably among the Canadian wheat farmers remained for solution."

"The 1941-42 wheat program called for limitation of wheat deliveries for the present crop year to 230 million bushels for the whole of Canada. In implementing this program, the Board decided to use 65% of the 1940 wheat acreage as a basis. This proposal, fairly simple as a general principle, turned out to be complex in actual practice. It placed upon the Board the responsibility of determining basic acreage figures for about 235,000 individual producers in the three Prairie Provinces and British Columbia, and to insure that these basic figures were placed in each individual permit book. Basing 1941 acreages for delivery purposes upon 65% of the 1940 acreage meant that basic acreages in general followed the pattern of 1940 and varied from farm to farm, depending upon the 1940 acreage level in each case."

"Early consideration of this matter led to the conclusion that there were two basic inequities in limiting wheat deliveries to 65% of 1940 wheat acreage. These inequities concerned those who had unusually large wheat

acres in 1940 and those who had unusually low wheat acres in 1940, including those who had no wheat in that year. Well in advance of the new crop year and pursuant to the Board's circulars Nos. 195 and 200 of April 28th and 30th, action was taken to deal with wheat producers in these two extreme positions. About 6,500 producers had their 1940 acres revised downward for delivery purposes in 1941-42. About the same number had their 1940 acres revised upward. Dealing with these two extremes has tended to bring wheat acres throughout the Prairie Provinces into a more equitable relationship. Adjustments of this kind would probably be necessary in connection with any plan of restricting marketings on the basis of acres sown in any one year."

"The Board is giving much more attention to acreage records than in 1940. The entire acreage records are being compiled mechanically in 1941-42, which permits a complete recording of all acres on the 1941 permits. This tabulation will include the 1941 basic acreage, farm area, acres seeded to wheat, oats, barley, rye, flaxseed, the acreage in summerfallow and the cultivated acreage. These records are being tabulated along with the name and delivery point of each producer. If acreage control extends into 1942, the Board's records will be available to assist in accurate and easy administration. In addition, these records will constitute a complete record of land utilization in the three Prairie Provinces and that part of British Columbia which comes within the Board's jurisdiction."

Announcement was accordingly made in May 1941 that deliveries of the wheat crop of that year would be restricted to 230 million bushels. Unfavourable weather conditions in the prairie region, however, caused the crop to be much smaller than had been expected and it was found to be possible to allow free marketing of all new crop except wheat. With the large carry-over of grain there was less than 90 million bushels of space available in country elevators in the prairie region on August 1, but market demand for grain was such that the Board was able to remove all restrictions on the marketing of 1941 wheat by the fourth of December.

The phenomenally large grain crops of the prairie region in 1942 created marketing conditions which required the full application for the first time of restrictions on wheat marketings through the use of both delivery quotas and authorized acres. The references to quotas and authorized acres already quoted from reports of the Canadian Wheat Board contain explanations of the problems involved and the methods used in establishing authorized acres. It is, perhaps, sufficient to say that the scheme adopted received the hearty support of Prairie farmers who found in it an equitable method of sharing country elevator space in times of congestion and seemed to regard it as a plan which should be employed whenever conditions require a temporary curtailment of grain marketing by farmers.

To find buyers for the large wartime production of Canadian grain without allowing some of it to reach enemy countries was a difficult task. But the chief immediate problem to overcome was that of providing sufficient safe storage. The

total capacity of public and private country and terminal elevators licenced by the Board of Grain Commissioners in 1939 was 423 million bushels; four years later it was 597,800,000 bushels. Storage of a temporary character erected at country points and at principal terminal markets provided accommodation for 143,346,000 bushels. For taxation purposes the owners were given permission to write off the cost of these temporary storages over a period of two years.⁵ It is believed that there was also an understanding that such emergency structures would be removed when no longer required.

Farm Storage

To encourage the storage of marketable wheat on farms the Government authorized the payment of farm storage at the rate of 1/45th cent per bushel per day. This was made to apply to the 1940 wheat crop and to the allowable deliveries in 1941. Farm storage payments earned were paid when delivery was made and amounted to \$6,147,524.03 in the 1940-41 grain year, and to \$648,647.98 in the following year.⁶ The farm storage period with respect to any one crop was limited to the end of July in the following year. This scheme was operative only for the wheat crops grown in 1940 and 1941.

Insect Damage to Stored Grains

A serious infestation of mites developed in grain stored for abnormally long periods in temporary "annexes" built in connection with country elevators in the prairie region. Since such grain could not be moved and cleaned without considerable cost, some other means of controlling mites was sought. This problem engaged the attention of the Division of Entomology of the Dominion Department of Agriculture which found that effective control was possible by fumigation with chloropicrin. This method of control was used thereafter by the grain companies so long as these storage conditions were necessary; and grain losses from this cause were negligible.

Wheat Acreage Reduction

In anticipation of a carry-over of 757,000,000 bushels of wheat at the end of July 1941 and with available commercial storage space for approximately the same quantity it was felt that some new and effective policies would have to be introduced in order to bring about a better balance between wheat supplies and effective demand. It was costing many millions of dollars annually⁷ to carry the accumulated supplies of wheat at a time when available supplies of feed grains were barely sufficient for livestock production, and there were indications that an increase in livestock and livestock products would aid the allied war program. The Government had decided that purchases from the 1941 wheat crop would be restricted to the quantity which could be disposed of in the ensuing twelve months and this was estimated to be 230 million bushels which with normal yields could be grown on about 19 million acres, whereas the acreage of wheat in the West was 27,750,000 acres.⁸

5. Canadian Wheat Board Report 1940-41, page 8.

6. Canadian Wheat Board Report 1941-42, page 6.

7. The figures are given in the annual reports of the Canadian Wheat Board and represent to some extent the income of grain elevator companies and others as well as some other related costs associated with selling of grain.

8. It is a matter of record that only three years later the wheat acreage of the prairie region was brought down to 16,091,000 acres which in 1943 produced 267,800,000 bushels.

To establish a better balance in respect to supplies of coarse grains as compared with wheat, and to increase the acreage of grass it was decided to offer cash inducements to prairie farmers to transfer some of their wheat acreage to other uses. Such payments, authorized by Order-in-Council,⁹ would be (1) at the rate of \$4.00 per acre for acres summerfallowed in 1941 in excess of the 1940 summerfallow acreage; (2) at \$2.00 per acre for land sown to coarse grains or grass or both in 1941, before July 1, in excess of acreage used similarly in 1940 before July 1, and (3) at \$2.00 per acre for each acre sown in rye or grass or both after July 31, 1941, in excess of the number of acres of cultivated land under rye or grass before July 1, 1940. It also provided that a further payment of \$2.00 per acre in respect of any payment due under 1, 2 or 3 could be made provided such such acreage is in grass or rye or both on July 1, 1942, and is additional to the acreage in grass on July 1, 1940.

"Coarse Grains" was interpreted to mean barley, oats, rye, corn, peas, flax and millet. "Grass" meant all grasses, clover and alfalfa. "Summerfallow" meant the cultivation or management of fallow land in such a way as to conserve soil moisture or to prevent soil drifting or both.

The regulations outlined in detail the methods to be used in determining the amounts earned in connection with the Wheat Acreage Reduction Policy and made provision for such complicating factors as crop share leases and purchase agreements. Lands operated as experimental farms or by provincial governments, government institutions and universities were excluded from participation.

Payment was made by the Canadian Department of Agriculture on application made through the rural municipality or by the provincial government in cases where the farm of the applicant was outside the limits of a rural municipality.

Farmers responded in a gratifying manner to the program of wheat acreage reduction in 1941; and the reduction, on the basis of the regulations, amounted to 10,175,063 acres.¹⁰

When plans were being considered in connection with the 1942 crop, it was found that scarcity of storage space would make it necessary to restrict the delivery of wheat for sale by farmers during the crop year 1942-43 to a maximum of 280,000,000 bushels. Since a normal crop would greatly exceed that quantity it was decided to continue the wheat acreage reduction policy introduced in 1941, and a special Act of Parliament - the Wheat Acreage Reduction Act, 1942 - was passed which superceded the regulations of the previous year based on the authority of the War Measures Act. The rate of payment for wheat land summerfallowed, which was \$4.00 per acre in 1941, was reduced by statute to \$2.00 in 1942. The Act also provided that in determining the wheat acreage reduction in 1942 the acreage in wheat in 1940 would be used as a basis of comparison except where there had been no wheat grown in 1940, in which case the 1939 acreage would be used. Acreage reduction in 1942 - basis 1940 - was 10,229,749 acres.¹¹

The time to permit unrestricted production of wheat had not yet arrived when plans had to be made for the crop of 1943. Grain storage capacity could only with the utmost care and effort be made to serve marketing requirements for the enormous crop grown in 1942. Prairie farmers had on hand at the end of

9. P.C. 3047, April 30, 1941, and P.C. 3231, May 10, 1941.

10. Report of the Minister of Agriculture 1943-44, page 166, King's Printer, Ottawa.

11. Ibid.

July 1943 no less than 187 million bushels of old crop wheat, 102 million bushels of oats, 40 million bushels of barley and lesser quantities of rye and flax. At the same time there was very little empty grain storage space in Canada, and after allowing for working space there was only about 10 million bushels of usable space in country elevators in the prairies. The Wheat Acreage Reduction Act, was therefore, amended in order to make it applicable in 1943. The carry-over payment on grass and rye acreage was discontinued and all acreage diverted from wheat was eligible for payment at the uniform rate of \$2.00 per acre. The amendment to the Act, therefore, removed the requirement that the wheat acreage reduction payment must be based on a corresponding increase in summerfallow, coarse grains or grass, and substituted a new provision that the land diverted from wheat must remain in cultivation.

During the three years of operation of the Wheat Acreage Reduction program, payments to farmers amounted to \$86,388,000;¹² but despite the apparent success of the Wheat Acreage Reduction scheme, some doubt may be entertained as to its merit. It was open to these objections. When storage space was greatly congested there was an advantage in growing grains, which would make the most beneficial use of storage and shipping space in relation to food value. Wheat was best in this respect because of its weight in relation to volume as well as the possibility of more fully utilizing bin space. Some districts are better suited for the growing of wheat than either coarse grains or grass and when so used will produce a greater tonnage of grain over a period of years than could be obtained by using the land in any other way. The policy was not easy to administer. In its favour it may be said that feeders are more accustomed to the use of barley and oats for the feeding of meat animals and prefer them to wheat, but good results are possible from the use of wheat when proper feeding methods are followed. The encouragement of summerfallow was a useful step in conserving moisture; the cash payments were to some extent compensation for the smaller sales of wheat; and the policy emphasized the desirability of livestock production in suitable areas. Live stock and coarse grains policies will be discussed elsewhere.

Prairie Farm Income

An unfavourable crop season in 1941, produced less crop than had been expected and it was estimated later in the year that a further sum of \$20,000,000 would be necessary to maintain prairie farm income at an equitable level. It was therefore provided¹³ that a cash payment at the rate of 75 cents per acre on one half the cultivated acreage might be made to farmers in the spring wheat area of Manitoba, Saskatchewan, Alberta and the Peace River District in British Columbia, provided that the maximum payment on any one farm should not exceed \$150.00. The classes of land occupancy excluded from participation in this form of assistance were more numerous than in the Wheat Acreage Reduction Policy, and benefits were also denied to farm lands operated for ranching purposes or as market gardens or by Indians on Indian Reservations and to irrigated lands unless in summerfallow or sown to grain crops in 1941 and then only when the acreage of such crops or summer-fallow was not less than two-thirds of the total cultivated irrigable acreage of the farm. Payments under this authority amounted to a total of \$18,987,000. The

12. Agricultural Assistance, War and Post War. Frank Shefrin and Marjorie Cameron, Department of Agriculture, Ottawa, 1949.

13. P.C. 8126, October 22, 1941. Agricultural Assistance, War and Post War. Frank Shefrin and Marjorie Cameron, Department of Agriculture, Ottawa.

administration of this policy was entrusted to the Director of Prairie Farm Assistance.

Prairie Farm Assistance

The Prairie Farm Assistance Act was passed by Parliament on June 3, 1939, and therefore cannot be described as a war measure; although it has been, in war as well as in peace, an important piece of agricultural legislation. The direct causes of this legislation being brought into operation were the disastrous crop failures in semi-arid parts of the prairie region and the low prices of grain crops, particularly in the decade of the 1930's, and the subsequent partial dependence - in consequence of these disasters - of the resident population upon the Canadian Government which had opened that area for settlement early in the 20th century. The Act, which has been modified from time to time, provides for the making of direct money payments by the Canadian Department of Agriculture to farmers in the spring wheat area of Western Canada.

The awards are payable on one-half the farmer's cultivated acreage - up to a maximum of 200 acres on any farm. Awards are at the rate of \$2.50 an acre in townships with a yield of less than 4 bushels of wheat per acre, and \$1.50 in townships with a yield of from 4 to 8 bushels, while the amount of the award in townships with a yield of from 8 to 12 bushels depends on the average price of wheat in the August to November period - being \$1.00 per acre when the price is less than 70 cents per bushel at Fort William and decreasing by 10 per cent for each cent by which the average price of wheat exceeds 70 cents per bushel until, at an average price of 80 cents, or more, no awards are payable. The original plan provided for the acceptance or rejection of rectangular township or fractional township units; but it was found expedient to modify this provision to admit any rectangular area of nine or more sections with a yield of 10 bushels per acre or less and lying alongside an eligible township. Provision was also made for the exclusion of similar portions of eligible townships when they have a yield of 14 bushels to the acre and lie alongside ineligible townships.

Up to March 31, 1950, payments of \$126,827,410¹⁴ had already been made in accordance with the Prairie Farm Assistance Act, and this largely obviated the need of other financial aid to farmers who had suffered during the previous eight years of crop failure. During the same period the revenues which accrued to the Government through collections from the one per cent levy on grain marketed in the spring wheat area amounted to \$48,055,353, which is 37.89 per cent of the amount paid in the first instance by the Canadian Department of Agriculture to farmers qualified for assistance under the Act. The Act is administered by the Director of Prairie Farm Assistance assisted by a Board of Review.

Wheat Price Policy During the War

It would be difficult to find in a comparison of economic policy in two world wars a greater contrast than that concerning wheat prices. In the first there were no surpluses of importance at any stage of the war, and despite the greatest possible production effort it was considered to be necessary as a measure of conservation, to urge a maximum use of other cereal grains in Canada in order that wheat could be saved for shipment overseas for the use of our soldiers and

14. Report of Activities under P.F.A. Act, 1949-50.

our Allies. The Canadian Food Controller, Hon. W. J. Hanna, in a report to the Prime Minister, on January 24, 1918, made the following statement:¹⁵

"The needs of increased production are based not so much upon our own home requirements as upon those of the Allies. If the people of France and Italy starve (and they are on the verge of starvation), and if their armies are not fed up to the standard of fighting strength, the war will be lost."

"By Order-in-Council on June 11, 1917, a Board of Grain Supervisors was appointed. It was a monopoly board in that it took over all the wheat produced in Canada and acted as the intermediary between the producers and the Wheat Export Company, buying for the Allied Governments. On the basis of No. 1 Northern at Fort William, the Board paid \$2.40 for the balance of the 1916 crop, \$2.21 for the 1917 crop and \$2.24½ for the 1918 crop. There was no trading in wheat futures on the Winnipeg Grain Exchange from Sept. 1, 1917 to July 21, 1919, while the Board of Grain Supervisors was handling the Canadian Wheat crop."¹⁶ So great was the shortage of wheat supplies that had the grain future market continued to operate, speculative forces could easily have caused famine prices to prevail. Such buying had, in fact, effectively "cornered" the Winnipeg market earlier in the year.

During the second world war the restrictive measures, which have already been cited with respect to wheat, were found to be necessary in order to guide farm production into the most useful channels. The situation as seen by the Chairman¹⁷ of the Wartime Prices and Trade Board was described by him in April 1942 in the following terms:

"Under the conditions of the present war, wheat is a surplus commodity. It is, in fact, about the only production of this country which is in immediate surplus supply, and there are additional huge surpluses in the United States. That statement is not a disparagement of wheat, nor does it suggest a time will not come when we may be thankful to have all the wheat we can possibly grow. But the grim fact of this war is that we must concern ourselves about immediate needs.

"We already have, and can grow, far more wheat than is required for our own needs, or can presently be delivered to our Allies. Consequently, in these perilous times, our ingenuity should be devoted to diverting wheat production into production of vital war requirements. War in the Pacific caused an immediate and drastic loss of sources of supply of vegetable oils and fats which are needed in a thousand different ways in our war effort. The immediate war job of agriculture is to remedy that serious deficiency. Wherever possible, wheat-growing land should be diverted to the growing of coarse grains, in particular, oats, barley, flax, corn, hay, alfalfa and soya beans. That effort should be adequately recompensed. I do not suggest for a moment that the cash income of the western

15. Report of Food Controller, 1918.

16. Canadian Wheat Board, 1935-46, page 3, King's Printer, Ottawa.

17. Donald Gordon, at the Canadian Club, Winnipeg, April 13, 1942.

farmer should be reduced. On the contrary, he is as much entitled to recompense for his labour as any other war worker. But special emphasis should be laid upon the kind of crops which are vital to our war effort. The immediate challenge to the ability and patriotism of the western farmer is to secure the greatest possible production of things which are needed. These include, of course, not only coarse grains but also hogs, cattle, sheep, eggs and the whole range of dairy products.

"That is very definitely the war job of Western Canada and I am convinced that a sound understanding of the importance of that job is all that is needed to get results. However, unpalatable it may be, there is no use blinking at the plain fact that wheat is not needed to help win the war - but practically anything else the West can grow or produce is needed. To meet these needs is the duty of the West."

To insure a fair measure of farm income to prairie farmers, the Canadian Wheat Board, which was given statutory authority by the Wheat Board Act of 1935, was authorized to make advance payments of $87\frac{1}{2}$ cents per bushel for No. 1 Northern wheat in store at Fort William-Port Arthur for sales of wheat by farmers with the proviso that this arrangement should apply only when the closing market price on the Winnipeg Grain Exchange fell below 90 cents for grain of the same grade. (See graph in Appendix to Chapter.) Higher prices prevailed in 1936 and 1937 but in 1938 prices fell sharply and on August 4 the Government announced that the initial price for 1938 crop wheat would be 80 cents for No. 1 wheat at Fort William. Still more discouraging was the marketing outlook when the 1939 crop was growing. The Canadian Wheat Board Act was amended by parliament to provide that after August 1, 1939, the advance price would be 70 cents per bushel for No. 1 Northern wheat in store at Fort William or Vancouver. A section was added to the Act limiting Board wheat purchases to 5,000 bushels of any one crop year from any one farm or group of farms operated as a unit. On May 18, at the request of the Board, trading in Winnipeg wheat futures was forbidden below the closing prices of May 17, namely, 70 $\frac{3}{8}$, 71 $\frac{3}{8}$ and 73 $\frac{5}{8}$ for the May, July and October futures respectively. The initial advance price of 70 cents was continued in 1940 and in 1941. Several amendments to the Wheat Board Act were made in 1940 including one removing the limit of 5,000 bushels in sales by one farmer of wheat from any one crop year, and other means - already described - for restricting sales were substituted.

It was not until March 1942 that grain prices tended to show significant strength thus signalling an end of the low prices which had prevailed for about four years. The closing price on March 5, 1942, for the May wheat future was $79\frac{1}{2}$ cents and for the July, 80 $\frac{3}{8}$ cents. At that time the initial payment to farmers was raised from 70 to 90 cents for No. 1 Northern in store at Fort William-Port Arthur by the Canadian Wheat Board.

In retrospect it may be said that if the initial wheat payment to farmers had been, as requested by a strong delegation of Western farmers and business men who waited on the Cabinet on February 2, 1942, advanced at that time to \$1.00 per bushel instead of to 90 cents the increase to \$1.25 per bushel which was announced on September 27, 1943, would have been approached less abruptly, and Western agrarian discontent, which was rather persistent, might have been averted or lessened.

In September 1943 the status of the Canadian Wheat Board was changed from that of a voluntary Board to a monopoly, and the Board's fixed initial price was increased to \$1.25 per bushel for No. 1 Northern Wheat basis in store Fort William-Port Arthur or Vancouver. At the same time, the Dominion Government, through the Canadian Wheat Board took over all unsold wheat stocks in Canada. These stocks became known as "Crown" wheat and were used for Mutual Aid purposes and for domestic use. Subsequently further supplies of wheat were purchased by the Dominion Government for Crown Account. Late in 1945-46 the Dominion Government announced that, effective August 1st, 1946, and retroactive to August 1st, 1945, the Board's fixed initial price would be \$1.35 per bushel for No. 1 Northern wheat basis in store Fort William-Port Arthur or Vancouver; this price guarantee extending to July 31st, 1950. That decision in respect to the Board's fixed initial price paralleled the signing of a Wheat Contract between Canada and the United Kingdom.

This very important wheat contract was the subject of an announcement of Hon. J. A. MacKinnon, Minister of Trade and Commerce in the House of Commons on July 25, 1946, in which he said:¹⁸

"Agreement has been reached between the Government of the United Kingdom and the Government of Canada for the purchase by the former of Canadian wheat over the four years beginning 1st August, 1946."

The Agreement provides that the United Kingdom will purchase and the Canadian Government will supply the following quantities each year; 1946-47 - 160 million bushels, 1947-48 - 160 million bushels, 1948-49 - 140 million bushels, 1949-50 - 140 million bushels. The contract provides that in the event of the United Kingdom requiring from Canada any additional quantities of wheat that the Canadian Government is prepared to make available such additional quantities which the Canadian Government offers and the United Kingdom Government accepts shall in all respects be subject to the provisions of the Agreement. Part of the quantity of wheat specified in the contract will be supplied in the form of flour to the following amounts:- 1946-47 - 500,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1947-48 - 400,000 tons firm with an additional quantity up to 140,000 tons dependent upon the out-turn of the crop; 1948-49 - a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1947; 1949-50 - a minimum of 300,000 tons, the actual tonnage to be negotiated by 1st July, 1948. The price which the United Kingdom Government undertakes to pay for the wheat supplied is as follows: basis Number One Manitoba Northern, in store Fort William-Port Arthur, Vancouver or Churchill: 1946-47 - a fixed price of 1.55 dollars per bushel; 1947-48 - a fixed price of 1.55 dollars per bushel; 1948-49 - a minimum price of 1.25 dollars per bushel, the actual price to be negotiated by 31st December, 1947; 1949-50 - a minimum price of 1 dollar per bushel, the actual price to be negotiated by 31st December, 1948. The contract provides that its terms and conditions shall be subject to any modification or amendment which may be necessary to bring it into conformity

with any international agreements or arrangements later concluded to which both Governments are parties. Nothing in the Agreement will affect decisions which may be taken on the basis of recommendations of the International Emergency Food Council (I.E.F.C.). The contract is based upon commercial considerations of mutual interest. It ensures to the United Kingdom substantial quantities of wheat during the expected period of shortage at prices below those which would be payable were there to be a free market at the present time. This is the commercial advantage which the United Kingdom secures. In the later period of the contract Canada receives the advantages of a guaranteed market, though for a diminished quantity, and of the assurance of at least the stated minimum prices. In determining the actual price in the last two years regard will be had to the extent to which the agreed price for the first two years falls below the world price for that period. Our farmers are therefore protected from crippling losses should there be a world slump in wheat prices. This is the commercial advantage which Canada secures."

This Agreement was bitterly assailed in parliament and elsewhere during its currency. Aid to Britain was generally supported as being necessary since that country has long been the most important buyer of Canadian farm products and her purchasing power was seriously impaired as a result of the stupendous outlay made for war purposes. The Canadian Federation of Agriculture stood loyally in support of the wheat deal as it was believed to be a safeguard to grain-growers who had bitter recollections of the depressed prices of the thirties. But others claimed that it was a very unfair arrangement for prairie farmers. They cited the Chicago Board of Trade prices and the sales by the Canadian Wheat Board of Class 2 wheat, i.e., wheat sold for export to countries other than the United Kingdom. The Minister of Trade and Commerce gave the House of Commons some figures during the summer of 1947 which showed that from August 1, 1946, to May 31, 1947, sales of 55.9 million bushels of Class 2 wheat had been made as wheat or as flour at an average price of \$2.38 per bushel basis 1 Northern wheat in store Fort-William-Port Arthur or Vancouver. During the first six months of that grain year the price had ranged from \$2.05 to \$2.34 a bushel, but from February 1, 1947, to May 31, 1947, the range had been from \$2.34 to \$3.10 per bushel, basis 1 Northern in store Fort William-Port Arthur or Vancouver. It was also argued that if it was necessary to give the United Kingdom a special price the farmer should not have to bear the loss; and that the difference should have been an expense to Canadian taxpayers as a group as was done in connection with several domestic subsidies during the war in order to control the cost of living. An admission that the contract price was inequitable in relation to world prices was indicated when the price for the crop of 1948-49 was raised to \$2.00 per bushel. Deliveries from the crop of 1949-50 were also made at that price.

Prices of wheat sold for domestic use in Canada were adjusted from time to time during the war and in the post-war period. The ceiling prices of flour and bread were fixed by the Wartime Prices and Trade Board on August 6, 1940, on the basis of prices charged on July 23, 1940. It was agreed that the cost of wheat for million purposes in the basic period was 77 3/8 cents per bushel, and this, with the exception of the crop year 1940-41 when a processing levy of 15 cents per bushel was collected, continued to be the net cost of wheat to the millers during

the war for domestic consumption regardless of the price received by producers. Wheat prices for domestic sale were increased from time to time - but not always to synchronize with the increases in the prices received by the Canadian Wheat Board under the Wheat Agreement - while subsidies to the mills were also increased to enable them to supply flour in Canada within the price ceilings of the Wartime Prices and Trade Board.

At the expiration of the five year Canada-United Kingdom Wheat Agreement and when it became clear that a further payment would not be made by the United Kingdom Government under the "have regard" clause of the agreement it was requested of the Canadian Government by grain marketing organizations of Western wheat growers that a supplementary payment be made on wheat delivered to the Canadian Wheat Board during the currency of the Agreement. This request was based on the fact that wheat prices had been abnormally low in Canada during the war years in comparison with the value of Canadian wheat in other markets, and that the subsidizing of bread consumers in Canada as one factor in the delaying of increases in the cost of living should not be a responsibility of the wheat growers who had made a big contribution by selling large quantities of wheat to the United Kingdom at prices below those paid in the United States and elsewhere.¹⁹ They pointed out that sales for domestic use in Canada were made to Canadian millers from March 1, 1945, to February 18, 1947, at prices which were 30 cents per bushel less than relative sales to the United Kingdom and that this meant that the Canadian wheat growers were subsidizing Canadian consumers to the extent of \$48,000,000 during the currency of the five year pool in addition to the consumers subsidies on flour for baking which was a cost to Canadian taxpayers as a whole.²⁰

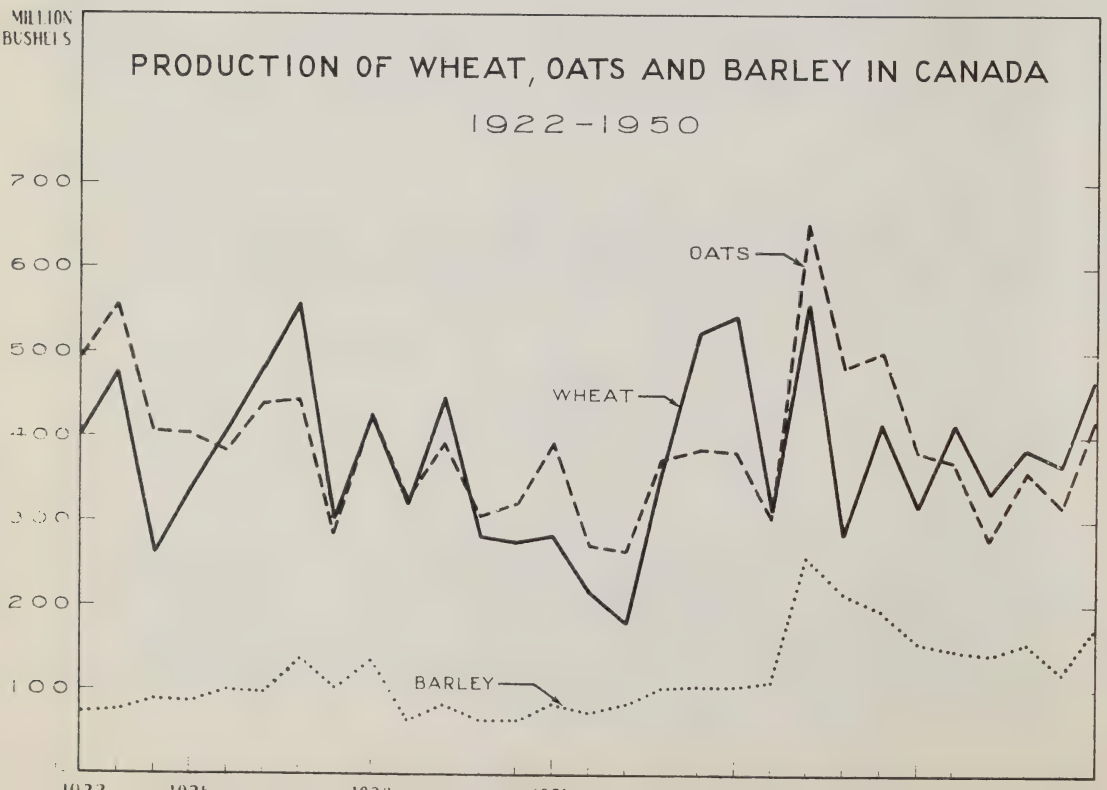
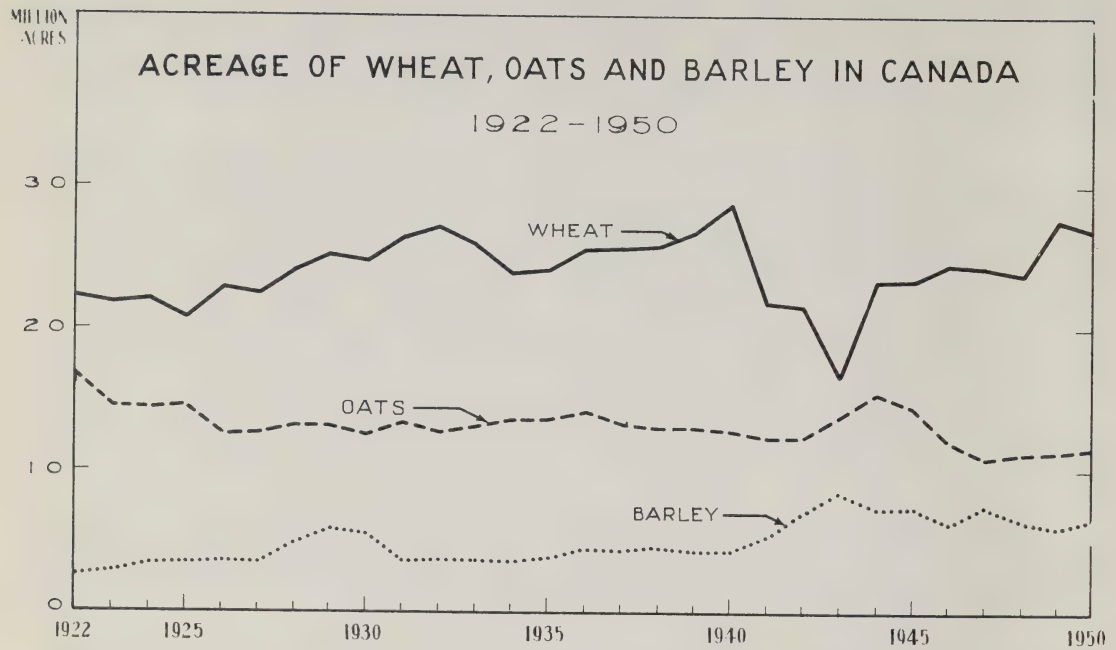
Although the marketing of Canada's wheat crop is not the responsibility of the Minister of Agriculture or of his Department, this brief review of production and marketing policies has been presented here because of the dominating influence of wheat in Canada's agricultural economy and in recognition of the great influence of those policies upon other forms of agricultural production during the period under review.

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19. The annual report of the Canadian Wheat Board for 1949-50 contains the following table showing the average selling prices for Class 11 wheat by crop years, all prices in Canadian dollars basis No. 1 Northern wheat in store Fort William- Port Arthur or Vancouver.

Crop year	High	Low	Average selling price
1945-46	\$1.55	\$1.55	\$1.55
1946-47	3.10	2.05	2.43
1947-48	3.45	2.37	2.88
1948-49	2.48	1.91	2.23
1949-50	2.41	2.04	2.16

20. A final payment on the five year pool was announced by the Government in March 1951 at the rate of 8.3 cents per bushel on 1,428,000,000 bushels. This payment was arrived at by adding 4.5 cents per bushel as a grant from public funds to the balance of 3.8 cents per bushel surplus derived from sales after making the statutory initial and supplementary advance payments to farmers and deducting the operating expenses of the Canadian Wheat Board chargeable to wheat marketing.

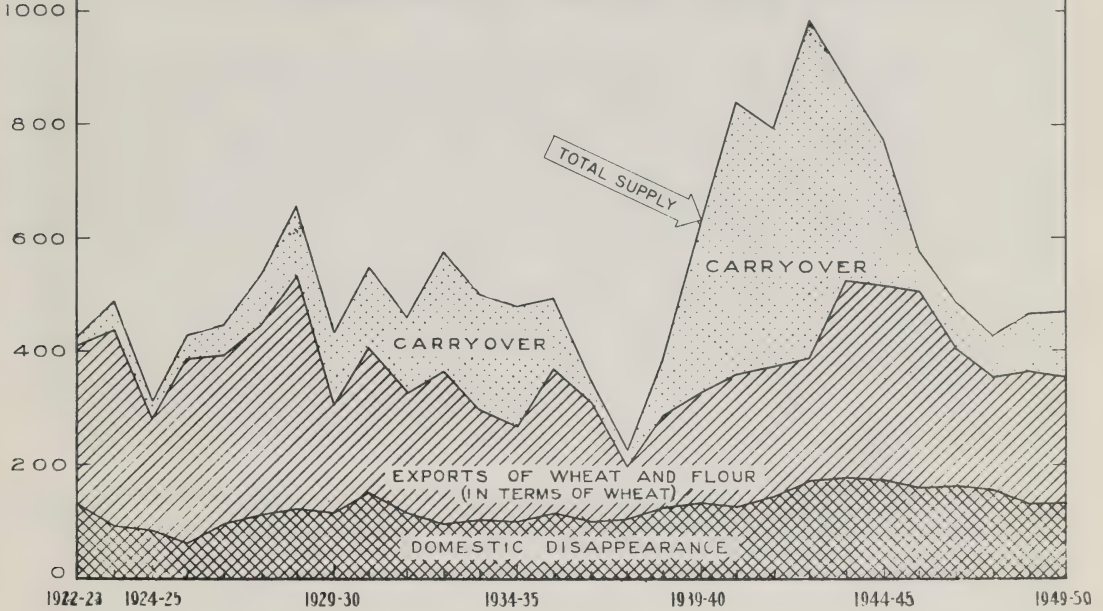
APPENDIX



MILLION
BUSHELS

DISTRIBUTION OF WHEAT SUPPLIES IN CANADA

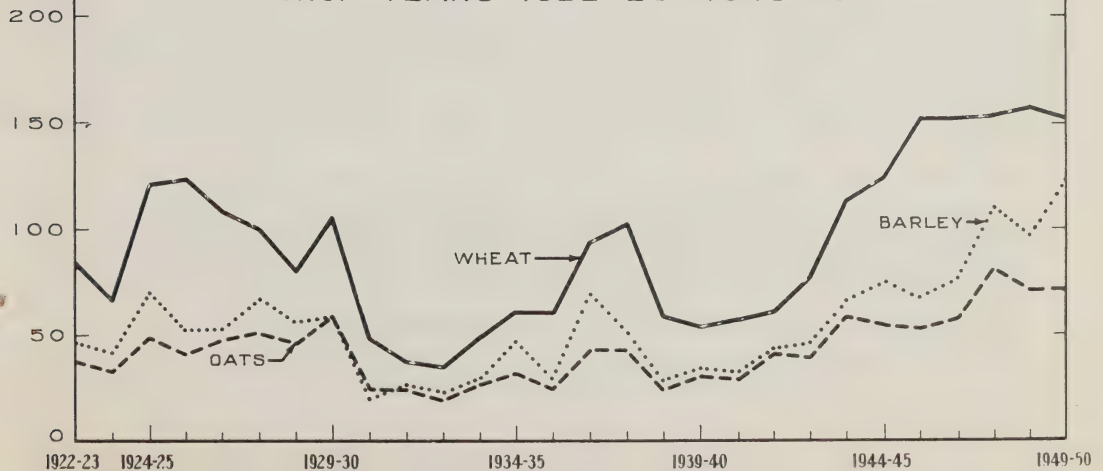
CROP YEARS 1922-23—1949-50



CENTS PER
BUSHEL

AVERAGE FARM PRICE, WHEAT, OATS AND BARLEY IN CANADA

CROP YEARS 1922-23—1949-50



Chapter 4

PRICE POLICIES REGARDING COARSE GRAINS

The Canadian Government's wartime policies respecting feed grains were related, primarily, to price, which had to be sufficient in comparison with other crops, - especially wheat - and, secondarily, to export controls, which were essential to the maintenance of adequate supplies for domestic needs.

The policies with respect to wheat prices have been described in Chapter 3 dealing with wheat. The problems associated with feed grain prices were no less difficult. To get the desired production of feed grains required a fair price relationship of these crops to wheat; and to get enough meat and animal products it was essential that the price of grains should be attractive to livestock producers. When the Wartime Prices and Trade Board established ceiling prices on all goods and services on December 1, 1941, they set maximum prices for oats and barley; but at no time during the war did the Government name a maximum price to be paid to western farmers for their wheat.¹ Initial or advance payments were made for wheat, and growers were given participation certificates to enable them to share in any surpluses which might result from the sale of their crop by the Canadian Wheat Board. Consequently for western farmers the initial wheat payment was the principal basis available to them in the early years of the war for calculating the relative advantages of growing wheat in comparison with other alternative crops. Subsequent or final payments on participation certificates could not then be estimated with any certainty.

Importance of Grain Production in Prairie Provinces - With the notable exception of the Prairie region most of agricultural Canada rarely produces enough feed grain for local requirements and is incapable of any sustained expansion of animal production without importing feeds to supplement home-grown supplies. In times of crop failure, which, fortunately, are rare in Eastern Canada, the maintenance of livestock raises problems of major proportions.

These deficiency regions are clearly indicated by the 1941 Census which shows that the number of acres of improved land per 1000 persons was 1092 in British Columbia, which may be compared with 2464 in the Maritime Provinces, 2720 in Quebec, 3528 in Ontario and 27,058 in the Prairie Provinces.²

The relative need of grain for livestock and poultry in these several regions is shown by the numbers of hogs and poultry per 1000 acres of occupied land. By this comparison, Ontario was first with a concentration of 142.7 hogs per 1000 acres; British Columbia had 91.2; the Maritimes 60.7; Quebec 91.4; and the Prairies, with 48.6, were in the lowest position. On the same basis, British Columbia led in poultry numbers with 3357 per 100 acres; Ontario was second with 1856 and was followed by the Maritimes with 1269, Quebec with 1013 and the Prairies with 419.

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1. A maximum price of \$1.25 per bushel for domestic sales was named by the Wartime Prices and Trade Board, effective September 27, 1943, and continued until February 17, 1947. Subsequent raises brought the price up to \$2.00 per bushel.
 2. Differences in productivity of land impair somewhat the value of this comparison.

With cattle and sheep the distribution relationship was similar. With cattle, Ontario was in first place with 119 per 1000 acres. Quebec had 98.7 and was followed by British Columbia with 82.7, the Maritimes with 59.1, and the Prairies with 27.8. British Columbia had 31 sheep per 1000 acres of occupied land; the other regions, with the exception of the Prairies which had 14.5, had only slightly less than British Columbia.

But in comparing livestock numbers in relation to population - which means local consumptive demand - the reverse was true. By this criterion the Prairies had nearly twice as many cattle as Ontario which was much above the other Eastern regions and British Columbia; more than twice as many sheep as the Maritimes which led the other regions in this respect; more than two and a half times as many hogs as Ontario and seventy five percent more poultry. With such extensive land resources the Prairie provinces occupy a strategic position in the production of meat animals as well as grain, and it is with this background that the Government's wartime policies with respect to feed grains should be examined.

Price Stability for Oats and Barley - For the crops to be grown in Western Canada in 1942, floor prices were authorized by Order in Council P.C. 1801 on April 11, 1942, in order "that the producers of oats and barley in Western Canada be assured of a stable and fair price for their product." That Order-in-Council empowered the Canadian Wheat Board

"to buy Winnipeg barley futures or cash barley whenever the 'spot'³ price per bushel, basis Fort William-Port Arthur, of Number 1 Canada Western 2 Row or 6 Row or Number 2 Canada Western 2 Row or 6 Row is 60 cents or Number 3 Canada Western 2 Row or 6 Row is 58 cents or Number 1 Feed is 56 cents."

It also empowered the Board

"to buy Winnipeg oats futures or cash oats whenever the 'spot' price per bushel basis Fort William-Port Arthur of Number 2 Canada Western oats is 45 cents or Extra Number 3 Canada Western, Number 3 Canada Western or Extra Number 1 Feed is 42 cents or Number 1 Feed is 40 cents."

Ceiling prices were also set at 64 3/4 cents for barley and 51 1/2 cents for oats, basis in store Fort William-Port Arthur. For several years these arrangements held oats and barley prices in Canada within a trading range of 6 1/2 cents per bushel for the highest grade of oats and 11 1/2 cents for Number 1 Feed oats with a price spread or trading range of 4 cents for the highest grade of barley and 8 3/4 cents for Number 1 Feed barley.

Necessity for these price supports was found in 1942, when for a short time in November and December the Wheat Board was required to buy cash grain or futures in fulfilment of the Government's price support Policy.⁴ Price supporting action was again necessary with respect to oats during the crop year, 1944-45, when a small profit resulted from the purchase and re-sale of 896,000 bushels of oats

3. 'Spot' prices are offered for grain at or in Lake Terminal elevators.

4. These Board operations resulted in a profit of \$309,238.28.

futures. But, with these exceptions, the pressure of prices during the war was usually against the price ceilings instead of price floors; and from about the end of 1943 until price ceilings were removed from oats and barley on October 21, 1947, prices of most grades of oats and barley were at ceiling levels almost continuously.

Equalization Payments Policy - Oats and barley marketing underwent some important changes early in 1943.⁵ At that time, prices for these grains were rising in United States markets while Canadian Prices were subject to ceilings of 51½ cents per bushel for oats and 64 3/4 cents per bushel for barley, basis in store, Fort William-Port Arthur or Vancouver. These were maximum prices from August 1, 1943 to March 17, 1947.

In order to establish a method whereby the difference between domestic prices and the higher prices realized on exports could be distributed to producers, the Wheat Board was empowered to assess equalization fees on all export shipments of western grown oats and barley and their products. These equalization fees represented the difference between prices of oats and barley in Canada and in export markets, after allowing for forwarding costs.⁶ The proceeds of the newly established oats and barley Equalization Funds, less administrative costs, were to be distributed to producers on the basis of their commercial marketings.

Because of the necessity of using a large portion of the commercial deliveries of oats and barley domestically to support an expanding domestic livestock feeding program, this policy was amended in the fall of 1943 when the Canadian Government guaranteed the Equalization Funds by authorizing the Canadian Wheat Board to make Advance Equalization Payments to producers on their commercial deliveries, and on authorized farm-to-farm transactions.

The extended use of payments from equalization funds to apply to farm-to-farm transactions was made in order to prevent Advance Equalization Payments becoming a new and unexpected cost falling upon Western farmers who normally conduct feeding enterprises on the basis of purchased feed. Previously there was one basis of price for seller and buyer, - the value of the grain in store at Fort William-Port Arthur or Vancouver. With the new system of Advance Equalization Payments there were two, - the amount the grower received as an advance payment plus the equalization advance, and the ceiling price on domestic sales which feeders and others paid for oats and barley during the greater part of this time. The number of producers entitled to receive equalization payments was, therefore, extended beyond those producers who market oats and barley at country elevators or through other commercial channels so as to include those who, under certain circumstances, sold feed grains direct to other producers or feeders.

Extent of Equalization Payments - From August 1, 1943, to March 17, 1947, Advance Equalization Payments were made at the rate of 10 cents per bushel on oats and 15 cents per bushel on barley except in the crop year 1945-46 when the malting barley premium of 5 cents per bushel was added to the advance equalization payment, making the rate 20 cents for that year.

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5. Effective April 1, 1943. Canadian Wheat Board Annual Reports.
 6. These fees were comparatively small when this policy was initiated in 1942 and ranged from 2 to 47 cents per bushel for oats and from 29 to 65 cents per bushel for barley. In the early months of 1948 they were as high as 65 cents for oats and \$1.30 for barley.

Because of the Government's guarantee of equalization funds and its policy of making advance payments to producers at time of commercial delivery and on farm-to-farm transactions, cash surpluses from export sales to the equivalent of the advance equalization payments were possible only when the supply of feed grains was sufficiently in excess of domestic needs to permit exports on a substantial scale. It was possible to regulate the volume of oats and barley exports by raising permit fees which might be done to a point where grain could not be exported profitably; and it was suggested by a member of the grain trade that this was done in the 1947-48 grain year.⁷

Infractions of the Regulations Governing Farm-to-Farm Transactions - During the period when advance equalization payments were being made on farm-to-farm and farm-to-feeder transactions in oats and barley, it was necessary to institute prosecution proceedings for a number of infractions of the Regulations governing such transactions. Most of these infractions involved bona fide sales where the parties did not have the grain concerned weighed and graded through a licensed grain elevator as required by the Regulations, but nevertheless supplied sworn declarations that this had been done. Most of the other infractions of these regulations occurred when the parties arranged a fictitious sale and reported it to The Canadian Wheat Board in an attempt to obtain equalization payments to which they were not entitled. All prosecutions commenced under these Regulations resulted in convictions. While these Regulations were in force, prosecutions for their breach outnumbered all other prosecutions instituted under Regulations administered by The Canadian Wheat Board.

The following statement shows the operational results of equalization funds for oats and barley during six crop years 1942 to 1946 inclusive.

The policy of charging equalization fees for permits to export oats and barley was abandoned in 1948; but after August 1, 1948, the Government still required exporters of oats and barley to obtain permits which were granted freely.

The following table shows that the Wheat Board collected export equalization fees of \$106,906,749 and that the sums paid, and to be paid to growers was \$130,487,309. The retention of barley in Canada to protect live stock feeders when substantial export premiums could have been collected, involved the Canadian Government in payments in excess of revenue of \$23,580,760. These excess payments may be regarded as a producers' subsidy to the feeders of oats and barley in the Prairie Provinces.

7. United Grain Growers Ltd., in The Country Guide, Winnipeg, September, 1948.

Table No. 1

Crop Year	Equalization Fees Collected \$	Advance Equalization Payments \$	Net Interest Administrative and other Expenses \$	Final Payment (Surplus) \$	Funded by Dom. Govt. (Deficit) \$
OATS					
1942-43	1,165,053	-	46,784	1,118,269	-
1943-44	23,912,449	15,159,686	(114,243)	8,867,006	-
1944-45	12,650,623	13,970,717	180,204	-	1,500,298
1945-46	11,359,033	11,397,588	126,146	-	164,701
1946-47	10,971,544	7,227,342	2,777	3,741,425a	-
1947-48	4,278,733	-	(14,758)	4,293,491c	-
Total Oats	<u>64,337,435</u>	<u>47,755,333</u>	<u>226,910</u>	<u>18,020,191</u>	<u>1,664,999</u>
BARLEY					
1942-43	481,061	-	28,580	452,481	-
1943-44	11,796,937	13,742,951	174,223	-	2,120,237
1944-45	18,092,682	12,065,365	(79,616)	6,106,933	-
1945-46	1,000,525	14,653,680	773,006	-	14,426,161
1946-47	6,776,842	13,264,437b	116,018	-	6,603,613
1947-48	4,421,267	-	(4,671)	4,425,938c	-
Total Barley	<u>42,569,314</u>	<u>53,726,433</u>	<u>1,007,540</u>	<u>10,985,352</u>	<u>23,150,011</u>

a. \$3,764,997 was distributed to producers in May, 1948.

b. Includes Barley Adjustment Payment to producers of 10¢ per bushel.

c. Not distributed to producers as at July 31, 1948. On March 7, 1949, the Minister of Trade and Commerce announced final distribution of Equalization payments of 5.881 cents per bus. of oats and 6.78 cents for barley after adding accrued interest and deducting administrative costs. Cheques issued amounted to \$8,672,234.59.

Further Price Changes for Oats and Barley - Advance Equalization Payments and the extension of this policy to include farm-to-farm and farm-to-feeder transactions established in the Prairie region a two-price system as between feeders who were growers of Western oats and barley and prairie feeders who were buyers of such grains. Attempts were made at various times by farmers' organizations to have the Government amend these policies. In July 1943, representatives of the Western Wheat Pools asked the Canadian Government to place the marketing of oats and barley in the control of the Canadian Wheat Board, and make the then maximum price the initial price to producers. To bring prices of oats and barley closer to parity with the advance price for wheat, it was proposed by the Saskatchewan Co-operative Producers in 1945 that the initial payments for oats and barley be the then existing ceiling prices as above plus the advance equalization payments of 10 cents per bushel for oats and 15 cents for barley.⁹

8. That is 55½ cents for oats and 64 3/4 cents for barley. Sask. Co-op Producers Ltd. Annual Reports 1943-48. The request that the Canadian Wheat Board be made responsible for marketing Western oats and barley was first made in 1936.
9. Ibid. The initial payment on wheat in 1945 was \$1.25 per bushel for No. 1 Northern at Fort William and the total payment was \$1.43677 per bushel.

That also would have made the proposed initial payment the ceiling price for farm-to-farm transactions and it would have made less obvious, although it could not remove, the disparity between the growers selling price and the price paid by feeders. They also asked for a premium of \$3.00 per hog to offset that proposed advance in cost of feed grains to livestock feeders as the simplest means of making hog production attractive without raising prices of meat.

However, these suggestions were not accepted, and a different approach to the problem was made at the end of 1946 when production policies were reviewed at the annual Dominion-Provincial Conference called by the Agricultural Supplies Board in Ottawa in December. It was then recommended that instead of Advance Equalization Payments a bonus of \$5.00 per acre should be paid to Western farmers to encourage barley production. This proposal was also recommended to the Canadian Government by the Canadian Federation of Agriculture on February 28, 1947. In support of this plan it was claimed that it could be applied without raising the prices of meat and other animal products, as the new ceiling prices on domestic sales of barley could be maintained on the same basis in all parts of Canada. It was also pointed out that acreage bonus payments had been made in Great Britain in accordance with Government policy to increase production of certain crops without disturbing food prices. A similar plan had also been used in Canada to bring about the production of fewer acres of wheat and more of other crops.

But there were objections. The acreage bonus would be difficult to administer. It would encourage the seeding of barley in low-producing areas, and would not increase the attractiveness to farmers of growing barley in places where large yields per acre are usual. And there was a desire to remove controls as soon as that could be safely done. Therefore, instead of an acre bonus and the maintenance of existing price ceilings on feed grains and meat, an important change in prices was announced on March 18, 1947, when the system of advance equalization payments was discontinued and the Canadian Wheat Board was required to buy all oats and barley offered to it at new and higher support prices. In the case of barley these prices were based on 90 cents for Number 1 Feed Barley in place of the former support price of 56 cents, in store Fort William-Port Arthur, with other grades at appropriate differentials to be fixed from time to time by the Wheat Board.¹⁰

The new support prices for oats were based on 61½ cents for No. 1 Feed Oats, in place of the former support price of 40 cents in store Fort William-Port Arthur, with other grades at appropriate differentials to be fixed from time to time by the Canadian Wheat Board. At the same time, price ceilings were raised, in the case of barley to 93 cents and in the case of oats to 65 cents basis in store Fort William-Port Arthur or Vancouver and were applicable to all grades.

In addition to these forward price changes an adjustment payment of 10 cents per bushel was authorized as compensation to producers who had delivered barley commercially during the period August 1, 1946 to March 17, 1947. The Wheat Board, either directly or through agents, was designated the sole exporter of oats and barley, and the net returns from export sales were to continue to be paid into the Equalization Funds for the benefit of producers. The Board at that time took over all commercial stocks of oats and barley in Canada at the former ceiling prices.

10. Canadian Wheat Board Annual Reports, 1946-47 and 1947-48.

Grain Acreage Changes During the War

Among the important factors which influenced farmers in their choices of crops during the war years were the probable returns per acre, the congestion of marketing facilities during the early years of the war, the resulting quota system for restricting grain deliveries, the large accumulation of grain on prairie farms, the wheat acreage reduction programme, the transportation assistance to users of prairie grains in British Columbia and Eastern Canada and the control of exports of oats and barley.

The following tables show the changes in acreage of the principal cereal crops in the prairie region and in the rest of Canada from 1939 to 1948:

Table No. 2

Wheat, Oats and Barley Acreages by Provinces
(Years 1939 to 1948 inclusive)

<u>Year</u>	<u>Prairie Provinces</u>	<u>WHEAT</u>	
		<u>Other Provinces</u>	<u>Canada</u>
1939	25,813,000	943,500	26,756,500
1940	27,750,000	976,200	28,726,200
1941	21,140,000	742,200	21,882,200
1942	20,653,000	933,500	21,586,500
1943	16,091,000	758,700	16,849,700
1944	22,443,800	840,400	23,284,200
1945	22,566,000	848,100	23,414,100
1946	23,731,000	722,100	24,453,100
1947	23,357,000	903,400	24,260,400
1948	23,045,000	1,060,900	24,105,900
1949	26,490,000	1,051,000	27,541,000
1950	25,836,000	1,185,000	27,021,000

<u>OATS</u>		
1939	8,227,000	4,562,900
1940	7,818,000	4,479,600
1941	8,137,000	4,128,800
1942	9,666,000	4,116,300
1943	11,789,500	3,617,400
1944	10,446,900	3,868,100
1945	10,749,000	3,644,200
1946	3,522,000	3,552,700
1947	7,898,000	3,150,500
1948	7,535,000	3,665,500
1949	7,339,000	4,049,900
1950	7,446,000	4,129,100

Year	<u>BARLEY</u>		
	<u>Prairie</u> <u>Provinces</u>	<u>Other</u> <u>Provinces</u>	<u>Canada</u>
1939	3,607,000	740,400	4,347,400
1940	3,622,000	719,500	4,431,500
1941	4,735,000	569,000	5,304,000
1942	6,414,000	558,900	6,972,900
1943	7,896,000	500,800	8,396,800
1944	6,763,400	527,300	7,290,700
1945	6,859,000	491,100	7,350,100
1946	5,797,000	461,500	6,258,500
1947	7,035,000	430,000	7,465,000
1948	6,082,000	413,300	6,495,300
1949	5,617,000	400,000	6,017,000
1950	6,205,000	419,800	6,624,800
1950 - Preliminary			

To supplement the foregoing figures it should be noted that "mixed grains" are grown on about one and a quarter million to one and a half million acres annually, mostly in Ontario. While there was, outside the prairie region, some reduction in the acreage of feed grains, there was a corresponding increase in the acreage of forage crops which was a development beneficial to dairying.

Price Inadequacies

Ceiling prices on oats and barley required adjustment from time to time relative to wheat as well as in relation to the prices of animal products covered by Canada's agreements with the United Kingdom Government. But these price changes were sometimes delayed until normal price relationships became seriously upset. So great was the demand for feed grains during an extended period from 1945 that all grades of oats and barley brought the same price.¹¹ For a time indeed, due to the grading regulations, feed barley of the lowest grade brought the grower a greater return than could then be realized from any of the higher grades of barley. This was discouraging to the growers of barley suitable for malting purposes and offered no inducement to elevator operators to store the better grades of barley separately when bin space was at a premium. Under these conditions the number of cars of Western barley grading 2 C.W. or better declined from about 35% prior to 1941 to about 7% in 1943, as the premium gained from more careful handling was not sufficiently rewarding.

A premium of only 5 cents per bushel was allowed by the Wartime Prices and Trade Board for barley of malting quality. It is believed that several times as much would have been warranted and might have prevented the deterioration in barley which occurred.¹²

11. When ceiling prices on barley were removed on October 21, 1947, the cash price for feed barley rose spectacularly and caused a decline in the monthly average of the hog- barley ratio from 19.4 in October to 14.1 in November and to 13.5 in December, 1947, basis live hogs. During the ensuing year there was an increase in hog prices and a decline in prices of feed grains which restored the ratio to a more satisfactory level.
12. On November 19, 1945, the National Barley and Linseed Flax Committee proposed that a premium of at least 20 cents per bushel for Nos. 1 and 2 C.W. 6 Row and 15 cents for No. 3 C.W. 6 Row be paid over the price and equalization of fee paid for No. 1 Feed barley. On November 5, 1946, The Board of Saskatchewan Co-operative Producers Limited recommended that the ceiling on the malting premium for barley be increased to 20 cents per bushel.

The marketing of coarse grains grown in 1949 and in 1950 was carried on under conditions quite different from those of the war years. It does, however, afford a comparison with wartime prices which is interesting. The report of the Canadian Wheat Board for the grain year 1949-50 shows that under the Canadian Wheat Board Regulations of that year the initial price of oats was established on the basis of 65 cents per bushel for No. 2 C.W. oats in store, Fort William or Port Arthur. The initial price of barley was established on the basis of 93 cents per bushel for No. 3 C.W. 6 Row Barley basis in store Fort William-Port Arthur. These prices differ from the former support prices of oats and barley to the extent of $1\frac{1}{2}$ cents less for oats and 3 cents less for barley. When the final payments for oats and barley grown in 1949 were made in 1950 the return for No. 3 C.W. Oats was 18.75 cents per bushel or a total of 80.75 cents per bushel for that grade. The final payment on No. 3 C.W. 6 Row Barley was 57.642 cents and the total was \$1.50642. Reduced acreage and smaller yields of oats and barley in Western Canada provided a sellers' market which affected Eastern Canada where crops also were below par. A strong market for oats and barley prevailed during the winter of 1950-51 on account of the armed conflict in Korea and the preparations of the Democracies for effective defence in the event of similar conditions arising elsewhere. Thus a high level of employment and a keen demand for animal products kept grain prices at a level which was not far out of line with their normal relationship with animal prices. The average ratio of barley to hog prices at 17 in January, 1951, was only slightly below the longtime average of 17.4.

Chapter 5

OTHER FIELD CROPS

This chapter will be related to a number of minor field crops which are, nevertheless, quite important locally and in the national production effort under war conditions. One section deals briefly with two food crops - dried beans and peas. Another reviews important field crops - rye, mixed grains, corn for husking - and hay and pasture. The third section describes the happenings in connection with oil bearing seed crops, the introduction of rape and sunflowers as commercial crops in Western Canada, the expansion of soybean production in Ontario and the revival of interest in the growing of flax for oil production.

Dried Beans and Peas

Dried beans and dried peas are crops of considerable importance regionally and for domestic use in Canada and were in wartime of some significance for export to the United Kingdom Ministry of Food. The upward curve of production under the stimulus of war needs was noticeable with respect to beans and peas; and important variations in the acre yield of these crops, because of weather conditions, affected the volume of export trade.

Dried Beans - Dried beans are grown mainly in Ontario and to a lesser extent in Quebec, with production areas of much less importance in other provinces.¹ Production increased from an annual average of 1,283,000 bushels in 1935-39 to 1,641,000 bushels in 1948. Imports of dried beans into Canada have been about fifty thousand bushels per annum in recent years with exports of about three hundred thousand bushels annually. Canned beans are not included in these figures.

Ceiling prices of \$2.00 per bushel for dried beans of "No. 1 Pick" grade were not sufficiently attractive to ensure a level of production calculated to meet expected needs; and commercial sales from the crops of 1943 and 1944 were subsidized by the Commodity Prices Stabilization Corporation to the extent of 50 cents per bushel.² Beans exported were sold at \$3.00 per bushel by the Special Products Board which issued participation certificates to growers and thereby increased their returns to approximately \$2.75 per bushel. A subsidy of 75 cents per bushel was paid by the Agricultural Food Board on the crop of 1945, after which an increase of ceiling prices in Canada to the equivalent of sales agreements made with the Ministry of Food rendered subsidies unnecessary.³ Further price support was not required until after

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1. Details of production and sales are given in an appendix to this Chapter.
 2. The Annual Report of the Minister of Agriculture for 1944-45 contains the following "Some 5,700 growers marketed approximately 1,149,000 bushels of beans at a total value of \$3,012,000 in 1944. Returns to growers were under a two-price plan whereby \$2.50 per bushel including the Dominion Government subsidy of 50 cents per bushel was paid for all beans sold on the domestic market and \$3.00 per bushel was paid for all beans exported under contract to the United Kingdom."
 3. For subsidies see P.C. 12/1731 and P.C. 4727, November 14, 1946. Subsidies included \$690,000 paid by the Agricultural Food Board.

the crop of 1948 was grown.⁴

Some 10,000 tons of beans were delivered from the crop of 1941 through private arrangements with the Ministry of Food. A surplus from the crop of 1942 was sold elsewhere. The United Kingdom wished to obtain larger quantities of beans than could be supplied from the crops of 1943 and the three subsequent years when shipments through the Special Products Board amounted to a total of 649,868 bushels, which was only about one third of the total quantities specified in these agreements.

Dried Peas - The British Food Mission expressed an interest in Canadian dried peas early in 1944, and steps were promptly taken by the Special Products Board to ascertain through the Agricultural Supplies Board and pea dealers the possibilities of meeting these requirements. An agreement was subsequently made which called for the delivery of 200,000 bushels of peas at a price of \$3,27½ delivered f.o.b. ocean vessels at Montreal. That was the signal for the beginning of dried pea production on a commercial scale in selected districts in the Prairie Provinces where this crop expanded rapidly under the stimulus of special prices and declined in importance in post war years when other uses for farm acreage became more attractive. Production of dried peas did not surpass domestic needs until 1946 when some 444,492 bushels of dried white or yellow peas were exported by the Special Products Board at a price of \$3.60 per bushel, f.o.b. ocean vessel at Montreal. That was the only year of the war decade in which shipments of Canadian peas were made to the United Kingdom although there were written agreements to supply the Ministry of Food in both of the years 1944 and 1945. This crop was not subsidized, but contract arrangements assured the growers of a market at a stable price.

Rye, Mixed Grain and Forage Crops

Although rye, mixed grains, corn for husking and forage crops were not directly affected by Government policies of subsidy or of regulation as in the case of wheat, oats and barley, there were a number of policies which directly or indirectly influenced their production and popularity.

Rye - Rye, for example, is one grain which was not under price control nor was its marketing in any way restricted in Canada as a wartime measure. Being free from export controls it was free to move into trade channels. Being in limited supply the price was very sensitive to unusual demand. Prices subsequently rose to unprecedented heights and, when wheat and other grains became more nearly adequate for export demands, the price of rye fell quickly to a strictly competitive position in comparison with other available and more useful cereals. Acreage seeded to rye became greater as the price rose and as quickly shrank when the price fell. Nearly all of the rye exported during war years went to the United States. Domestic use in Canada is about 6,000,000 bushels annually; but when Canadian prices declined to a competitive level, its use in Canada more than doubled in relation to its domestic **disappearance** at peak prices.

4. P.C. 607 and 608, February 15, 1949. The Agricultural Prices Support Board spent \$194,000 in exporting 38,000 bushels of beans to Palestine for relief in 1949. Action by the United States in declaring dried beans a surplus commodity prevented the purchase by the United Kingdom of dried beans in Canada with E.R.P. funds and Canadian growers thereby lost an important export outlet. The Agricultural Prices Support Board came to their rescue with a guaranteed price of \$3.75 per bushel for Grades Canada No. 1 and No. 2 delivered to bean warehouses before July 31, 1949.

Mixed Grains - Mixed grains are an important crop in the Central provinces of Canada where about 90 per cent of the Canadian acreage is grown. They are secondary only to oats for which they are an alternative except in the prairie region of Canada. The freight assistance policy of the Government, which made feed grains cheaper than formerly in the Eastern provinces and in British Columbia, may have influenced the acreage of this crop. With rare exceptions, however, the acreage of mixed grains seems to have increased in the Central provinces. This may have been due to the need for the straw or to the desire of farmers to become less dependent upon Western grain which sometimes could not be had exactly as needed and, in the years after price decontrol, could not be bought as cheaply as seemed desirable. There may, however, have been other factors which caused changes in the acreage of this crop.

Husking Corn - Corn for husking so far as Canada is concerned, is almost exclusively an Ontario crop grown for industrial use as well as for livestock and poultry feeding. Western grain was to some extent a substitute for imported corn during the war years, but did not prevent the return of corn imports when economic conditions made corn again available. Ontario corn acreage rose from an average of 172,000 in the years 1935-39 to 250,000 acres in 1949. Manitoba corn growers increased their acreage in 1949 when hybrid corn seemed likely to afford greater protection from crop loss through unfavourable weather which was a serious production factor during the later war years.⁵

Forage Crops - Forage crops are grown in all provinces but are of special interest and receive greater attention in the older agricultural regions of Canada where they occupy about the same acreage from year to year as a result of established systems of crop rotation. In the drier prairie region and in localities not served by irrigation, large tracts of native grass are used more or less continuously as grazing land for livestock production under ranching conditions; but under prairie farming conditions the farm pasture also may consist of prairie grasses on non-arable land or of cultivated grasses where these can be introduced. The greater carrying capacity of Eastern pastures and the concentration there of grazing animals lend emphasis to the statistics of forage crops which are there produced. Alfalfa seems to have increased in popularity and in use in all provinces during the decade of 1940, as will be seen from a study of accompanying tables.⁶

The outstanding fact which these figures reveal is the expansion of acreage now used for forage crops and pasture in comparison with the 1935-39 years. Here there is a production peak which seems to have developed as a result of Western grain being available on favourable terms in other parts of Canada where forage crops are of special importance. However, there is also some evidence of a recession in forage crop acreage corresponding with an increase in acreage of annual crops when Western grain was scarce through delayed deliveries or became more costly through the removal of price ceilings.

5. See Table in appendix.

6. See Table in appendix. See also Chapters 8 and 9. Seeds Administration and Fibre Flax Administration, which describe the policies relating to seed production and marketing.

The Government's policy of assistance with respect to fertilizers whereby more than three million dollars was expended by the Agricultural Supplies Board in order to increase supplies of fertilizer or lessen the cost, was, no doubt, an important influence in pasture improvement which had already been engaging the active attention of departments of agriculture in a number of provinces. The influence and value of this policy cannot, however, be measured by acreage data alone.

Oil Bearing Seed Crops

Canadian production of oil bearing seeds received a marked impetus during the war. Production of flax for oil was increased from a level which was annually about a million bushels below domestic needs to a surplus position of several million bushels. In 1946 Manitoba gained the distinction of producing more flax than any other Canadian province, and with the introduction of chemical herbicides seems likely to retain an interest in this crop. Seed of fibre flax was also grown for export in years when an outlet was available at acceptable prices. Soy beans occupied a position of growing importance in Ontario and seemed likely to become important also in the agriculture of Southern Manitoba. Argentine rape was introduced for the first time in 1943 as a crop for prairie farms when another source of supply was needed for a lubricating oil of vegetable origin for use particularly in marine engines. In six seasons, production of this crop in Saskatchewan expanded from less than a million to more than fifty-two million pounds per annum and by 1950 had practically disappeared. Most interesting, perhaps, of these developments was the bringing of sunflowers into production on a commercial scale in Southern Manitoba, with an associated oil-processing industry which seems to have a sound economic basis. Oil crushing capacity in Canada more than doubled during the war and the increase in supplies of by-products of these oil bearing crops for livestock feeding further enhanced the value and importance of the oil seeds production program.

Flax - Price policies with respect to flax were of the greatest importance in influencing production. That crop has long been known to prairie farmers, although its place initially in prairie agriculture was pre-eminently that of a "catch crop" when virgin land, free from weeds, was being brought into cultivation. Subsequently through the introduction of noxious weeds it became of lesser importance as a crop unless production was temporarily made attractive through abnormally high prices, since flax is less popular than cereal crops with grain growers and must command prices more than twice those of wheat in order to retain their interest. When wheat marketing was regulated by quotas, there was a tendency to grow other crops not subject to such restrictions.

Somewhat of a crisis arose in 1942 when much of the Western flax crop of that year was seriously damaged by rust. The variety "Royal", developed at the University of Saskatchewan, was noticeably resistant to rust attack, and it seemed to be of great importance that the seed which was still scarce, should be saved for sowing in the following season. Authority was therefore obtained by the Agricultural Supplies Board to buy approximately 100,000 bushels of seed,⁹ for resale to farmers. Through paid advertisements in farm papers, farmers in the Prairie Provinces were advised to save Royal flax for seed instead of allowing it to reach the usual commercial channels.

9. P.C. 8602, September 23, 1942, authorized payment of up to \$2.75 per bushel for Royal flax.

The marketing of Canadian flaxseed was made a duty of the Canadian Wheat Board on March 19, 1942,¹⁰ when trading in flax futures in Canada was prohibited and the Board took over nearly two million bushels of flaxseed valued at \$1.64 per bushel, for No. 1 Canada Western, basis in store at Fort William-Port Arthur. That price was also allowed for flax of equal quality at Vancouver and Montreal.

The price to producers of flax in 1942 was set at \$2.25 per bushel and this was increased to \$2.50 in 1943 and to \$2.75 in 1944. That price applied also to the crop of 1945; but a further price increase to \$3.25 was ordered in 1946 and to \$5.00, and later to \$5.50, for the crop of 1947. The support price for the crop of 1948 was set at \$4.00 per bushel; but no guarantee was given for 1949 production other than that an initial advance of \$2.50 would be given to all growers who should decide to enter a voluntary flax marketing pool in 1949-50.

The disposal of flax by the Canadian Wheat Board during the war decade presented no practical difficulties until 1948 other than the recoupment of the amounts paid the growers and the accrued costs of handling. The scarcity of oils and fats was such that linseed was to some extent in demand for edible as well as industrial uses. Processes had been developed to make linseed oil suitable for the production of shortening, and some ten million pounds was used for that purpose in 1946.

In accordance with Government policy re price ceilings, sales of flax were made by the Board to domestic purchasers at \$1.64 per bushel for No. 1 C.W., basis Fort William-Port Arthur and other designated terminals, while export sales - chiefly to the United States - were being made at an average of \$2.44 per bushel in 1942-43 and at slightly more than \$3.00 during the following two years. The domestic price was gradually increased to \$2.75 from August 1, 1946 to \$3.25 on February 1, 1947, and to \$5.00 per bushel on August 1, 1947. The ceiling on flax prices in Canada was removed on August 1, 1948, and trading in futures on the Winnipeg Grain Exchange was resumed two weeks later.

These flax marketing operations by the Canadian Wheat Board involving the disposal of 62,878,923 bushels, resulted in deficits of more than ten million dollars¹¹ on account of domestic sales being made in accordance with Government policy at prices below those obtainable in export markets.

Flax marketing difficulties experienced in 1948-49 arose from the inability of the United Kingdom to use E.C.A. funds for its purchase when flax was declared by the Government of the United States to be a surplus commodity in that country. At that time both the Argentine and the United States had large stocks of flax and linseed oil. To further protect her position, the United States placed an embargo on imports of these commodities.

In spite of these obstacles to trade however, Canadian flax exported for use as seed in the 1948-49 crop year, amounted to 4.4 million bushels; but total sales for industrial uses in that period were less than four million bushels and there was a carry-over of flax in Canada of approximately ten and a half million bushels on August 1, 1949.

10. From Annual Reports of Canadian Wheat Board.

11. Reports of Canadian Wheat Board.

This crisis due to dollar trouble was followed by a progressive decline in flax prices with a corresponding decline in growers' interest and in the acreage of flax until 1949. An upturn occurred in 1950.

Rapeseed - A new crop was introduced to Western Canada in 1943 when the Agricultural Supplies Board bought all supplies of Large Black Argentine Rapeseed available in the United States.¹² About 33,000 pounds of seed was thus acquired and sold to growers at 15 cents per pound which was approximately its laid-down cost. To expand production, authority was given the Agricultural Supplies Board in August, 1943, to buy, ship, handle, store, clean and sell 70,000 pounds of rapeseed from the 1943 crop for sowing in 1944.¹³ The close resemblance of rape, during growth, to some varieties of mustard (brassica) caused a few growers to plow down the crop before it could produce seed, but the price of 6 cents per pound, guaranteed by the Government, proved so profitable that the crop became quite popular in northeastern Saskatchewan and its acreage was increased from an average of 12,160 acres in 1943-45 to 58,300 in 1947 and to 80,000 acres in 1948. Production in Manitoba was less popular and ceased after a couple of seasons. Acreage in Saskatchewan declined to about 20,000 acres in 1949 when the growers, who had been receiving an overall price of 6 cents per pound delivered at certain specified delivery points,¹⁴ were offered an initial price of 2 cents per pound and participation certificates by which they might share in any surplus arising from the sale of the crop. In consequence there were very few growers of this crop in Canada in 1950.

For the processing of the rapeseed, a vegetable oil extracting plant was established at Moose Jaw, Saskatchewan, in 1944, and since there was no expectation that this plant would have post-war value beyond twenty per cent of its original cost, authority was given for special depreciation of forty per cent per annum over a two year period. Quantities of rapeseed were also processed at Saskatoon by the vegetable oil plant of Saskatchewan Pool Elevators Limited.

Sunflowers - Sunflowers received unusual attention in the early years of the war because of the growing scarcity of edible oils and fats and the possibility of increasing the supply of sunflower oil through plant improvement and greater acreage. Mennonite settlers from Southern Russia had long been accustomed to the growing of small quantities of sunflowers for their own use.

Special experimental work with sunflowers was undertaken in Canada in 1942 when authority was given for the purchase of 30,000 pounds of Giant Russian Sunflower Seed of the 1941 crop¹⁵ at 6 cents per pound for developing improved processes of decortivating and crushing in order to discover a technique of oil extraction which could be used on a commercial scale. The National Research Council and the Forage Plants Division of the Central Experimental Farm were associated in the conduct of these experiments. In preparation for greater production of sunflower seed, a supply of seed of the "Mennonite" variety was bought for growing under

12. P.C. 1/10672, November 23, 1942, and P.C. 6/84, January 6, 1943.

13. P.C. 7/6181, August 4, 1943, and P.C. 6/6395, August 13, 1943.

14. The major part of the Wheat Board's operating deficit in handling rapeseed and sunflower seed was due to transportation and handling costs relating to rapeseed. See sunflowers.

15. P.C. 7/6181, August 4, 1943 and P.C. 6/6395, August 13, 1943.

contract by selected farmers in 1942 to provide seed stock for 1943. Further improvement was made through hybridization to increase the desirable qualities of the sunflower plant with larger yields and greater oil content of the seed. To expedite the production of sunflower seed in 1944 the purchase of approximately 350,000 pounds of seed of the Sunrise and Mennonite varieties was authorized in 1943,¹⁶ and sales were made to growers on a basis to recoup the costs of handling.

In the introductory stage, the commercial production of sunflowers was begun in all three of the Prairie Provinces. However, more suitable conditions were found to exist in Southern Manitoba than in other districts, and with the construction of a processing plant at Altona that place became in time the basic buying point for sunflower seed grown in Western Canada. That arrangement made the net returns to growers tributary to Altona somewhat better than to others less conveniently located, and consequently lessened the interest in this crop on the part of more distant growers. A price of 6 cents per pound was paid for the best grade of seed until 1949 when buying was done on the basis of an advance of 3 cents per pound with provision for disbursing the balance of the proceeds pro rata on participation certificates issued to growers at time of delivery.

Commendable confidence in the commercial possibilities associated with the production of sunflowers was shown by the people of Altona in providing additional facilities for storing and processing sunflower seeds. The Co-operative Vegetable Oils, Limited, started operations at Altona, Manitoba, in 1946, and at a cost of more than \$800,000 constructed a sunflower oil extracting plant which was the first plant of its kind on the North American continent. Large additions to this plant were made in 1950 when a refinery was built and capacity for storage of seed was greatly enlarged.

The Canadian Wheat Board was given the task of handling the seed of both sunflowers and rape, beginning with the crops grown in 1943. This involved considerable difficulty in the early stage of development. Sunflower seed had not previously been processed in Canada on a commercial scale, and the crop of seed grown in 1943 required special attention over a considerable period in order to maintain its quality until the processing for oil extraction could be done.

The Wheat Board on behalf of the Administrator of Oils and Fats paid six cents per pound for rapeseed and five cents per pound for sunflower seed, f.o.b. designated shipping points for the crops grown in 1943, 1944, 1945 and 1946. The Wheat Board was instructed by the Commodities Prices Stabilization Corporation Limited to pay six cents per pound for sunflower seed grown in 1947. The same price arrangement applied to the 1948 crop, but by an agreement between the Wheat Board and the Co-operative Vegetable Oils, Limited, of Altona, the latter undertook to buy at or in excess of the guaranteed minimum price all sunflower seed produced in a designated area in 1948 and offered for sale by producers. By this arrangement all of the seed from the sunflower crop of 1948 was handled by the Altona Company. Since the Wheat Board was required to sell these seeds at the price which it paid for them, the Government assumed responsibility for the Board's costs of transportation, storage and conditioning of such seeds together with interest and administration costs. The deficits incurred in the handling of rapeseed and sunflowers grown in the years 1943 to 1948 inclusive - chiefly transportation and handling costs - amounted to \$906,333.25.¹⁷

16. P.C. 7/6181, August 4, 1943.

17. From annual reports of Canadian Wheat Board.

Soybeans - Because of their many uses, soybeans received the close attention of the Agricultural Supplies Board during the war. Commercial production of this crop in Canada was developed chiefly in Ontario prior to 1939, and the Canadian acreage of soybeans averaged slightly less than 10,000 acres per annum during the years 1935-39. Research and experimentation by the Experimental Farms Service and Provincial institutions had provided early maturing varieties which seemed likely to find a place in the agriculture of other provinces and in parts of Ontario outside of the Southwestern counties. Commercial tests, did not, however, prove the acceptability of this crop in the prairie region; but acreage expansion did occur in Ontario where the crop occupied some 94,000 acres in 1948 and 142,000 acres in 1950.

In that part of Ontario where the soybean is an important crop it must compete for acreage with other cultivated crops such as corn, white beans and sugar beets. Price of beans and the cost and the availability of suitable farm labour were important factors in relation to production. A minimum price of \$1.96 per bushel, basis No. 2 Yellow, delivered at Toronto or Vancouver, was set for the 1942 crop early in that year. The price for the 1943 crop was raised to \$2.15 and was continued at that level until 1946 when a price of \$2.40 per bushel was offered for the crops of 1946 and 1947. An increase in acreage from an average of 9,714 acres for the years 1935-39 to 142,000 acres in 1950 indicates a fairly strong competitive position for soybeans in comparison with other alternative uses of the land.¹⁸ There were no subsidy payments for soybean production other than the small handling loss of \$7,226.28 sustained by the Canadian Wheat Board in relation to the handling of 92,537 bushels of soybeans grown in 1942 and 1943.¹⁹

18. Production data and information concerning imports and exports of soybeans and soybean products are given in Table 6 in an appendix.

19. P.C. 2799, April 10, 1942; P.C. 6125, July 16, 1942, and P.C. 8796, September 30, 1942.

Table 1. -- Dried Beans Acreage by Provinces, 1935-50

	: : Average : 1935-39	: : Average : 1943-47	: : 1948	: : 1949	: : 1950
	-- acres --				
CANADA	68,022	94,000	92,400	93,100	75,500
New Brunswick	1,140	1,300	1,100	1,400	1,000
Quebec	6,440	12,900	12,500	10,400	9,200
Ontario	58,540	78,600	78,300	80,900	64,900
Saskatchewan	242 a/				
Alberta	820	400 b/			
British Columbia	840	800	500	400	400

a/ Four years 1935-38. No production in 1939.

b/ 1943-46 average only. Information not available after 1946.

Supply Situation
(Crop Year August 1 to July 31)

	: : Average : 1935-39	: : Average : 1943-47	: : 1948-49	: : 1949-50	: : 1950-51 : Pre- : liminary
	-- thousand bushels --				
Production	1,283	1,430	1,641	1,766	1,350
Imports	56	45	61	55	
Total supplies	1,339	1,475	1,702	1,821	--
Exports	340	233	468	266	
Available for domestic use	999	1,242	1,234	1,555	--

Table 3. - Husking Corn Acreage by Provinces, 1935-50

	: Average : : 1935-39 :	: Average : : 1943-47 :	: : : 1948 :	: : : 1949 :	: : : 1950 :
	- thousand bushels -				
CANADA	172,200	232,900	252,300	272,000	305,600
Ontario	172,200	212,500	242,400	250,000	275,600
Manitoba	-	20,400	9,900	22,000	30,000

Supply Situation
(Crop Year August 1 to July 31)

	: Average : : 1935-39 :	: Average : : 1943-47 :	: : : 1948-49 :	: : : 1949-50 :	: : : 1950-51 : : Pre- : liminary :
	- thousand pounds -				
Stocks, beginning of year	<u>a/</u>	856	379	510	2,270
Production	7,010	9,436	12,417	13,650	13,839
Imports	11,001	4,644	7,509	8,861	-
Total supplies	-	14,936	20,305	23,021	-
Exports	103	164	139	303	-
Available for domestic use	-	14,772	20,166	22,718	-
Domestic utilization	-	14,057	19,656	20,448	-
Carry-over end of year	<u>a/</u>	715	510	2,270	-

a/ Information not available.

Table 4. - Hay and Clover Acreages by Provinces, 1935-50

	: : Average : : 1935-39 :	: : Average : : 1943-47 :	: : 1948 :	: : 1949 :	: : 1950 :
	- thousand acres -				
CANADA	8,766	10,048	9,748	9,502	9,254
Prince Edward Island	226	222	228	225	226
Nova Scotia	402	425	407	391	386
New Brunswick	569	646	633	628	620
Quebec	3,595	4,142	4,032	3,921	3,727
Ontario	2,798	3,023	3,027	2,951	2,836
Manitoba	445	356	237	227	303
Saskatchewan	222	333	302	283	277
Alberta	355	677	665	665	664
British Columbia	154	225	218	211	215

Supply Situation
(Crop Year August 1 to July 31)

	: : Average : : 1935-39 :	: : Average : : 1943-47 :	: : 1948-49 :	: : 1949-50 :	: : 1950-51 : : Pre- : liminary :
	- thousand tons -				
Production	13,614	16,127	16,073	12,122	12,913

Table 5. - Alfalfa Acreage by Provinces, 1935-50

	: : Average : : 1935-39 : :	: : Average : : 1943-47 : :	: : : 1948 : :	: : : 1949 : :	: : : 1950 : :
- thousand acres -					
CANADA	854	1,410	1,317	1,489	1,547
Quebec	15	71	86	106	105
Ontario	642	727	732	802	794
Manitoba	41	179	75	94	112
Saskatchewan	22	118	124	149	158
Alberta	84	239	217	243	281
British Columbia	50	77	83	95	97

Supply Situation
(Crop Year August 1 to July 31)

	: : Average : : 1935-39 : :	: : Average : : 1943-47 : :	: : : 1948-49 : :	: : : 1949-50 : :	: : : 1950-51 : : Pre- : liminary : :
- thousand tons -					
Production	2,052	3,347	3,022	2,602	3,233

Table 6. - Soybean Acreage by Provinces, 1935-50

	:	:	:	:	:
	: Average	: Average	:	:	:
	: 1935-39	: 1943-47	: 1948	: 1949	: 1950
	:	:	:	:	:
	- acres -				
CANADA	9,714	47,600 <u>a/</u>	94,000	103,800	142,000
Ontario	9,714	46,800	94,000	103,800	142,000
Manitoba	-	1,033 <u>b/</u>	-	-	-

a/ Includes 900 acres in British Columbia in 1943 only.

b/ 1943-45 only. No production after 1945.

Supply Situation
(Crop Year August 1 to July 31)

	:	:	:	:	:
	: Average	: Average	:	:	: 1950-51
	: 1935-39	: 1943-47	: 1948-49	: 1949-50	: Pre-
	:	:	:	:	: liminary
	:	:	:	:	:
	- thousand bushels -				
Production	214	855	1,824	2,605	3,039
Imports	72	963	2,066	2,837	-
Total Supplies	286	1,818	3,890	5,442	-

Chapter 6

FERTILIZERS AND PESTICIDES IN WARTIME

Fertilizers and pesticides serve the production of food in different ways; but both are chemicals and in wartime both were associated for administrative purposes under one Administrator.

Fertilizers - War disturbed the Canadian trade in fertilizers and made the procurement of all fertilizers more difficult while it brought about a greatly increased production of nitrogen fertilizers and from war industries and provided much larger output from pre-war chemical establishments. The first serious consequence of submarine activity as it affected the fertilizer business was the interruption of supplies of potash and superphosphate from European countries for use in the Maritime and other Eastern provinces. Panic buying of fertilizers on a world-wide scale also followed the outbreak of war and higher prices threatened to drain off Canadian supplies. However, the bringing of fertilizers and their ingredients under export control in 1939 acted as a deterrent. To distribute available fertilizers efficiently, the zoning of sales by manufacturers and the lessening of the numbers of fertilizer formulae in use were policies adopted with price advantages to producers and without loss to the manufacturers. When scarcities of nitrogen and potash arose, equitable distribution of available plant nutrients was accomplished by controlling the content and by establishing preferred uses for fertilizers. Pecuniary aid was given to fertilizer users by refunds of a portion of the cost. The use of ground limestone as a soil amendment was encouraged by cash bonuses in areas where this practice is useful. The production of a large surplus of nitrogen for war purposes gave Canada a trading advantage in the procurement of potash and other essential ingredients of commercial fertilizers not obtainable in this country. These are some of the highlights of fertilizer trading in Canada during the second world war.

The appointment by the Agricultural Supplies Committee (Board) of a committee¹ to investigate the fertilizer supply position at the outbreak of war in 1939 was one of the first wartime steps taken to protect Canadian agriculture. The Committee recommended export controls of fertilizer² - which was made effective on October 12, 1939 - and the prohibition of manufacture of fertilizers other than those of analyses recommended by Provincial Fertilizer Boards. Through the Provincial Fertilizer Boards and Advisory Committees it was possible to effect a reduction in the number of brands of manufactured fertilizers from 600 to 225. To act as advisory Boards to the Fertilizer Administration established in January, 1942,³ existing Fertilizer Boards were re-organized and new ones were formed in the Prairie Provinces where previously there had been none.

The Provincial Boards acted as consultants; but the main task of deciding what fertilizer should be approved and what crops should be fertilized rested with the National Agronomical Committee which included among its members leading crop specialists in Canada. This Committee acted under the Agricultural Supplies Board and the Wartime Prices and Trade Board.

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1. Details of personnel are given in Chapter 2.
 2. P.C. 3124, October 12, 1939.
 3. P.C. 397, January 20, 1942. By P.C. 1799, May 9, 1942, the Fertilizers and Pesticides Administrator was given authority under the Wartime Prices and Trade Board for price control of fertilizers and pesticides.

Another body which provided unselfish assistance was a manufacturers' committee appointed formally by the Wartime Prices and Trade Board at the request of the Administrator. It was a consultative committee on supply, zoning of sales, distribution and prices and was representative of the eight larger fertilizer plants in Canada.

From 1942 onward the Administration worked closely with the Fertilizer Committee of the Combined Food Board, and with other allied Boards in Washington. This was true of both fertilizers and pesticides. Monthly meetings were attended and it was through this Board that allocations of fertilizer and pesticide chemicals were made on the basis of food production potential.

The Fertilizer Administrator had full authority under the Agricultural Supplies Board respecting the production, distribution, importation, exportation and prices of fertilizers in Canada; and the Administration was continued until May 14, 1947, when the powers of the Agricultural Supplies Board were revoked.

Fertilizer Subventions - The urgent need for food and the importance of fertilizers in the growing of crops were given practical recognition early in 1942 when the Agricultural Supplies Board was authorized to spend one million dollars during that calendar year in paying subventions on fertilizers used on crops essential to the production of poultry, livestock and dairy products in the five Eastern Provinces and in British Columbia. The basis of payment originally authorized was 40 cents per unit of nitrogen, 20 cents per unit of available phosphoric acid and 20 cents per unit of water soluble potash. "Unit" means the percentum by weight or twenty pounds of either nitrogen, available phosphoric acid or water soluble potash in the ton of fertilizer. Assistance was limited to purchases of not less than one quarter ton nor more than five tons. In June, 1942, assistance per unit was reduced to 35 cents for nitrogen and 15 cents per unit of phosphoric acid and potash, and the maximum assistance per farm was set at \$25.00.⁴

About one half of the fertilizer subsidized under this arrangement and used in Eastern Canada was applied in the production of cereals, forage crops and pastures and the remainder was used for other crops. These subventions were continued during the years 1943 to 1947 and varied from year to year according to need. During the period 1942 to 1947 fertilizer use in Canada expanded from about 300,000 tons per annum to 650,000 tons while the subventions payments and freight assistance ranged from approximately one million dollars per annum to less than one hundred thousand dollars in the year 1947.⁵

In administering this subvention policy a reduction in price was made by dealers to farmers who had signed a statement that the fertilizers bought would be used on certain specified crops. The subventions were paid to the vendor on his having provided evidence that the reduction in price had been made to his customer in accordance with the regulations.

Freight Allowances - When nitrogen, available phosphoric acid or water soluble potash were not obtainable by manufacturers of fertilizers in Eastern Canada from their usual sources of supply in sufficient quantities to meet increased

4. P.C. 488, February 13, 1942.

5. Agricultural Assistance, War and Postwar. Frank Shefrin and Marjorie Cameron, Department of Agriculture, Economics Division, Marketing Service, 1949.

demands for fertilizers, and the purchase of such chemicals from other or more distant sources would necessarily increase their manufacturing costs, the Fertilizers Administrator was authorized, with the concurrence of the Agricultural Supplies Board, to pay the manufacturer the difference between the usual freight costs and the increased freight costs incurred by him in making such additional purchases, upon submission of proof satisfactory to the Administrator of the freight usually paid by him and the receipted bill of lading covering purchases of additional chemicals from other or more distant sources of supply.⁶

A further reduction in cost of fertilizers was effected when authority was granted the Fertilizers Administrator to refund a part of the charges of transportation on fertilizers bought by producers in the provinces where fertilizers are used extensively.⁷ This aid was to apply only on costs in excess of one dollar per ton and was not to exceed \$2.50 per ton unless approval had been granted by the Administrator prior to the making of the purchase. Payments under this policy were made to the distributors who were guided by rules issued by the Administrator and were required, before they obtained a refund, to submit evidence that the benefits of the policy had been received by the purchaser.

Subsidies - Regulations were approved on the 29th of May, 1947,⁸ for assistance to be given by the Minister of Agriculture in the form of subsidies on fertilizer chemicals, in the payment of freight assistance on fertilizer chemicals, and in the bulk purchasing of fertilizer chemicals. These services had been performed by the Commodities Prices Stabilization Corporation during the war and up to May 30th, 1946, whenever it was found necessary to do so in order to preserve price ceilings and to equalize the cost of fertilizers to farmers. In 1946 these services were undertaken by the Agricultural Supplies Board⁹ and a year later became a function of the Department of Agriculture on the expiration of the powers of the Agricultural Supplies Board. The cost of this assistance to the Department of Agriculture during the years 1946 to 1948 inclusive was \$489,000.¹⁰

Lime Subsidies - In 1943, the Minister of Agriculture on the recommendation of the Agricultural Supplies Board reported as follows to the Treasury Board:

"That in view of the scarcity, due to war conditions of commercial supplies of protein ingredients required to balance the feeds needed in the production of meats, dairy products and poultry products, it is desirable to encourage the increased production on Canadian farms of clover, alfalfa and other legume crops which constitute the principal sources of home-grown proteins;

That these legume crops cannot be grown satisfactorily on acid soils, and that large areas of the agricultural lands in each of the five Eastern provinces and in British Columbia are decidedly acid and require to be limed frequently and liberally to correct this acid condition if

6. P.C. 488, February 13, 1942 and P.C. 5482, June 29, 1942.

7. P.C. 9868, December 29, 1943.

8. P.C. 2084, May 29, 1947.

9. P.C. 1912, May 21, 1946.

10. Agricultural Assistance, War and Post-War, Frank Shefrin and Marjorie Cameron, Department of Agriculture, March, 1949.

maximum production of legume crops is to be expected and if the best results are to be hoped for from commercial fertilizers applied to other crops needed for livestock feed;

That in the provinces concerned, some encouragement is now being given to the use of lime for soil amendment purposes, but that greater use of lime for these purposes might be made if the provincial departments could be assisted financially in their liming programs;....."¹¹

The conditions surrounding the payment of subsidies were afterward amended as to detail but the principles involved in the policy were maintained during the war and post-war years. As modified, the method of assistance was to pay 75 cents per ton for limestone produced and a further payment of 75 cents per ton for the cost of transportation of lime used for soil amendment purposes. It was also required that any lime policy of a province in which the Canadian government might be asked to pay any subsidy must have had the approval of the Agricultural Supplies Board¹² in advance of its introduction. It was also a condition of this assistance from the Canadian Government that the provincial governments concerned should also assist financially with the production of lime in order that supplies should be available as required. Lime subsidies were paid directly to the provinces and the sums paid under this policy from 1943 to 1948 inclusive, amounted to \$1,505,000.¹³

Fertilizer Allocations - From 1941, Canada had continuous membership on the Fertilizer Committee of the Combined Food Board of the United States. It was the duty of the Fertilizer Committee to study and promote fertilizer production and recommend to the Combined Food Board a plan of fertilizer allocation. The Committee had representation from only the United Kingdom, the United States and Canada during the war, but by 1947 membership had been extended to twelve other countries.

Canada's contribution of fertilizers to the United Nations consisted mainly of nitrogen materials in the form of sulphate of ammonia, cyanimid and ammonium nitrate. Production of sulphate of ammonia and cyanimid in Canada even before the war exceeded domestic requirements and the Administration encouraged greater production. By 1942 there was an annual surplus of about 450,000 tons for export under allocation by the Combined Food Board. This achievement was a result of the establishment by the Government of three nitrogen plants at Trail, B.C., Calgary, Alta., and Welland, Ontario, respectively, for the production of ammonium nitrate for use in explosives. Since there was a great shortage of nitrogen fertilizers it was decided to operate these plants at full capacity for the production of nitrogen when the need for explosives had been met. To improve the handling qualities of ammonium nitrate by lowering its capacity for absorbing moisture, a group of scientists representing the operating companies and the Government Services collaborated in developing a process by which that chemical could be "prilled" and coated with an impervious substance to make it moisture resistant. The process was afterward patented by the National Research Council, and the product - nitroprills - has gained wide favour. Production of nitrogen fertilizers in the three Government plants was supplemented by a doubling of output of cyanimid at Niagara Falls, Ontario, and a similar increase in production of ammonium sulphate and ammonium phosphates at Trail, British Columbia.

11. P.C. 2/2340, April 5, 1943.

12. After the powers of the Board were revoked, this discretionary power was vested in the Minister.

13. Agricultural Assistance, War and Post-War, Frank Shefrin and Marjorie Cameron, Department of Agriculture, Ottawa, 1949.

The value of fertilizers imported into Canada during the war years declined as compared with pre-war, but exports in post-war years increased four-fold from 1940, with a very large proportion of the shipments destined for the United States which is the chief source of fertilizers imported into Canada.¹⁴ These exports in wartime were particularly helpful in the procurement of chemicals needed in this country for the manufacture of fertilizers. Potash, for example, came from the United States, France and the Russian occupied area of Germany.¹⁵

Allocation of chemicals to Canadian manufacturers of fertilizers in order to ensure their equitable distribution applied to domestic production of ingredients as well as to imported products. Import permits were also used to protect the Treasury in the payment of subsidies, and these were not granted when the cost of the product in question was such as to require the payment of an excessive rate of subsidy.

Zoned distribution and allocations of fertilizer materials based on the requirements in each zone undoubtedly played an important part in controlling supplies for equitable distribution during the war. Serious shortages did not develop in any part of Canada; and manufacturers, wholesalers, dealers and farmers could always purchase at least the quantity of fertilizer which was obtainable by them in the previous year.

Price Ceilings - For preserving the price ceilings established in October, 1941, it has been noted that subsidies were paid in substantial amounts on fertilizer chemicals. Owing to geographical location of the Maritime Provinces in relation to their source of fertilizer chemicals, the laid down cost was several dollars per ton higher than in Ontario and Quebec. Toronto costs of fertilizer chemicals in relation to local ceiling prices in 1941 were used as the basis for equalizing the subsidies in the five Eastern Provinces so that the prices of fertilizers in those regions would be relatively the same. The subsidies paid to manufacturers in the five Eastern Provinces were based on the laid-down costs at Toronto fertilizer plants in excess of \$1.65 per unit of nitrogen, 78 cents per unit of phosphoric acid and 70 cents per unit of potash.

Manufacturers were allowed a net maximum profit of five per cent on sales, and the discounts to dealers were limited to those in effect during the base period for price ceilings. When zoned distribution came into effect during the trade year 1943-44, fertilizer prices were reduced on an average about \$2.00 per ton below the prices during the base period as a result of the savings in selling costs and cross freights. Zones distribution was not practicable in British Columbia, as the four manufacturers are all located in Vancouver or in New Westminster. However, as a result of an agreement between the Fertilizers Administration and the manufacturers the prices of fertilizers in British Columbia were reduced about three dollars per ton in 1942. By 1945 the use of fertilizers in British Columbia had increased from 10,000 tons to 30,000 tons per annum and the earnings of manufacturers were greater at the lower prices because of the larger volume of sales.

14. Figures will be found in an Appendix to this Chapter.

15. Large deposits of potash in Saskatchewan were discovered at the close of the war but their economic value was not determined.

Payment of fertilizer subsidies by the Wartime Prices and Trade Board in the Maritime Provinces amounted to about 80 per cent of the total, and the remainder was shared about equally between Ontario and Quebec. Limited assistance was paid in British Columbia in connection with imported supplies of nitrate of soda until ammonium nitrate of Canadian production became available in 1944. Subsidies paid by the Agricultural Supplies Board were largest in Ontario and Quebec.

For more than four years Commodity Prices Stabilization Corporation of the Wartime Prices and Trade Board paid import and domestic subsidies on fertilizer chemicals as directed by the Fertilizers Administration so that fertilizer sales in Canada could be made within price ceilings. The Corporation paid subsidies on imported goods to the extent of \$80,884.38, subsidies of \$2,566,944.81 on imported fertilizers and articles entering into costs of manufacturing fertilizers, subsidies of \$482,202.90 on fertilizer distribution in Eastern Canada, and it absorbed a commodity trading loss of \$360,180.58 on bulk purchases.¹⁶

The Commodity Prices Stabilization bulk-purchased fertilizer chemicals as required to meet shortages and imported supplies from Russia where Canadian importers were unable to make direct purchases. The main items bulk-purchased were potash from Russia and superphosphate from the United States. In general, Commodity Prices Stabilization Corporation of the Wartime Prices and Trade Board paid subsidies on foreign and domestic chemicals to zoned fertilizer plants, while Agricultural Supplies Board paid all subsidies from plants to dealers for distribution to farmers.

Pesticides

Mankind wages a ceaseless war upon many lower forms of life which lessen the productiveness of human labour. In wartime such loss of productivity is especially serious and becomes more threatening when normal supplies of materials used for the control of insects and diseases prove for any reason to be insufficient. The successful conduct of war may be further thwarted by insect-borne diseases if protective materials are unavailable.

With few exceptions, Canada is largely dependent upon foreign supplies of chemicals for pest control, and many of the products required in Canada for this purpose, whether produced in the United States or elsewhere, are procured from dealers in that country.

Administrator Appointed - As early as 1939, a study respecting available stocks of pesticides and probable requirements of each was undertaken by a special committee named by the Agricultural Supplies Committee. While aware of the difficulties which might arise in maintaining supplies, no serious problems arose during the ensuing two years, although some scarcity of chlorine and tar acids was obvious late in 1941. With the entry of the United States into the Second World War in 1942, it was deemed advisable to appoint an Administrator of Pesticides in association with the Fertilizers Administrator.¹⁷

16. Reports of Wartime Prices and Trade Board.

17. P.C. 397, January 20, 1942. Powers and personnel of the Pesticides Administration are given in Chapter 3. This reference will deal primarily with the chemicals used in the manufacture of pesticides.

Problems of Supply - Although arsenic is produced in large quantities as a by-product of Canadian mines it is claimed that much of it is too coarse to be used in pesticides without further processing, and much of the Canadian supply is exported to the United States. Some refining is done at Deloro, Ontario, but practically all of that output was reserved for military use in the United Kingdom. However, arsenic acid was allocated to Canada from the War Production Board, Washington, for processing at Burlington, Ontario, where arsenical insecticides are made. Canada's maximum allotment was 1308 tons which is enough to make 2200 tons of lead arsenate and 1800 tons of calcium arsenate. Sufficient Paris Green is made by paint companies in Canada to meet Canadian needs.

Copper Sulphate is used in Canada to the extent of about 1750 tons annually. This material was imported in wartime from the United Kingdom, and a reserve stock of 500 tons of crystals was bought by Commodity Prices Stabilization Corporation at the request of the Administration for use in the event of a scarcity developing. Arrangements were also made through the Chemicals Controller for the production of Copper Sulphate by Noranda Mines, Limited. When higher costs of supplies prevented imported stock from being sold within established ceiling prices, the Administration arranged for subsidies to be paid on importations made after January 1, 1943, to permit this to be done.¹⁸ This arrangement was terminated early in 1945 when domestic needs could be met from Canadian production.

Supplies of lime and sulphur for fruit fungicides were kept at satisfactory levels despite shortages of sulphur for this purpose. Supplies of sulphur, which came from Texas, were provided by the War Production Board, Washington.

DDT was introduced in 1943 and was then reserved for military purposes. An Order of the Administrator brought DDT sales and use in Canada strictly under control in May, 1944. Unexpected production, however, occurred in Canada in 1944 and was found not to be necessary for military requirements. After some experimental use supplies were released for civilian use in 1945. Its value had been widely publicized and a keen demand arose to the surprise of manufacturers who were not optimistic concerning its reception by the public.

Compounds of mercury have been widely used in Canada for some years for the control of seed-borne diseases; and its use amounts to from 125 to 175 tons per annum. When supplies were not obtainable from the United Kingdom on account of a technical difficulty, Canadian needs were met by allocation of mercury to an American manufacturer.

Nicotine sulphate is used in considerable quantities in Canada for the control of insect pests. Processed from tobacco waste, it passed from a condition of substantial surplus in pre-war years to one of real scarcity in 1945. This was due in part to a greater demand for both nicotine sulphate and smoking materials.¹⁹ (Fertilizers were withheld from or released but sparingly to tobacco growers in Canada and the United States during some of the war years.)

18. Pesticides Administration Circular #16.

19. Canadian use of nicotine sulphate, 40% strength was 36,500 pounds in 1932, 186,000 lbs. in 1937 and 281,000 lbs. in 1943.

Difficulties arose in 1945 when only 100,000 pounds of nicotine sulphate could be allocated to Canada because of an acute shortage in the United States. Though representations were made to the War Production Board, Washington, it became evident that an equitable allocation of this very scarce chemical had already been made. Canadian transactions in this material were placed under strict control on February 1, 1945.²⁰

The chief difficulty in the procurement of paradichlorobenzene, for control of peachborer, was associated with its cost; and the Commodities Prices Stabilization Corporation assisted by purchasing Canadian requirements in 1943 and 1944 in order that sales transactions in Canada could be carried on within price ceilings.

Pyrethrum is of importance as a vegetable dust, and for fly sprays for livestock and stables. Its use in Canada in 1941 is estimated to have been somewhere between 250,000 and 400,000 pounds. The use of pyrethrum for the protection of the armed services in tropical regions was given first priority by the United States in 1942 when all its stocks of this material were put under strict control. Similar action was taken in Canada in 1943²¹ when stocks were brought under government control and made subject to release by the Administration. Priorities in its use were given in a circular²² which was issued September 1, 1943, and remained effective until July 16, 1945.

Rotenone has some uses similar to pyrethrum and it was included with pyrethrum in the restrictions placed on the use of that product when supplies formerly obtainable in the East Indies were no longer available as a result of Japanese invasion of that region at a time when other sources of supply had not been developed sufficiently to replace them. Control measures were first taken in Canada in 1942²³ when priority was given to military requirements and, secondarily, for the control of warble flies and other wingless external parasites of animals not including poultry. When these needs had been met, it was permissible to use rotenone products for the control of flea beetles and pea aphids and, finally, for the protection of garden crops. Transactions in rotenone in Canada were brought under control in 1943²⁴. However, deliveries through the allocation of the War Production Board were not delayed, and allocations for Canadian use were increased from 32 tons of 5 per cent powder to 85 tons in 1945. Its chief use in Canada was for warble fly control. Priorities in use were lifted early in 1945,²⁵ when the shortage was eased by the production of derris root in Brazil which had been sponsored by the United States.

A scarcity of spray lime was felt in 1943 when the erection of buildings for war uses required greater priorities of labour and materials. Lime supply was, however, a domestic problem and despite efforts to improve conditions it was seasonally scarce from 1943 to 1946.

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20. Order A 1516, February 1, 1945; effective to September, 1945.
 21. Order A 857, effective August 31, 1943.
 22. Pesticides Administration Circular 18, September 1, 1943.
 23. Order A 342, August 17, 1942.
 24. Order A 857, August 31, 1943.
 25. Pesticides Administration Circular #26, January 20, 1945.

Canadian use of sodium chlorate requires the importation of that chemical from European countries to supplement Canadian production but no serious difficulties arose in its procurement. Large quantities have been used by the railway companies in the spraying of their right-of-way for the destruction of weeds.

The poisoning of gophers in the prairie provinces requires from 75,000 to 100,000 ounces of strychnine in some years. This product is obtained by extraction from nux vomica buttons which come mainly from India and other Eastern countries. Much of our requirements are normally obtained from American manufacturers; but it was necessary in 1942 to arrange through the chemical controller for its production in Canada. To get supplies within established price ceilings the Administration found it necessary to subsidize the manufacture of strychnine; and the Administration issued an Order²⁶ fixing the strength of gopher poison at 2 per cent strychnine and requiring its packaging in 12 ounce bottles.

The fixing of prices on new products and the maintenance of established ceiling prices on standard products was a constant duty and responsibility of the Administration. New pesticide products were DDT and 2-4-D.

Prices of nicotine sulphate were advanced in 1942 and this brought about a fixing of price ceilings at the average of 1941 prices. A subsidy policy became necessary towards the end of 1942 and, with amendment a few months later, provided a price easement for importers until September, 1945, of about 25 cents per pound.

The success which was attained in the wartime handling of fertilizers and pesticides was due in no small measure to the fine spirit of co-operation which actuated the various agencies and individuals associated in the development and execution of its policies. To have served the agricultural interests so well in a time of national emergency is a creditable achievement.

26. Order A 563, January 16, 1943.

Appendix

FERTILIZERS

IMPORTS & EXPORTS

<u>Year</u>	<u>Imports</u>	<u>Exports</u>
1926	\$ 3,693,000	\$ 4,664,000
1930	5,960,000	5,606,000
1940	4,141,000	8,584,000
1946	4,561,000	32,108,000
1947	6,585,000	34,386,000
1948	6,298,000	36,374,000
1949	7,768,394	39,385,031
1950	8,718,225	38,873,834

	<u>Imports (cwts)</u>		<u>Exports (cwts)</u>	
	Total	U.S.A.	All	U.S.A.
1945	3,869,118	3,683,760	15,075,182	8,915,780
1946	5,094,973	4,832,850	15,609,518	9,003,864
1947	6,612,184	5,770,330	15,821,964	8,932,392
1948	6,426,175	5,506,772	13,842,787	8,085,290
1949	7,108,471	6,041,051	14,113,469	8,741,503
1950	7,446,737	6,251,275	12,649,896	10,943,891

Canada Year Book and Trade of Canada.

Chapter 7

SEEDS ADMINISTRATION

One of the important matters to which the Agricultural Supplies Committee¹ devoted attention in the early months of its existence was that of assuring adequate supplies of seed for use on farms and gardens. It delegated this special task to a Seeds Supply Committee, formed for the purpose of investigating the existing conditions, and requested its aid in making specific recommendations. The Seeds Supply Committee was confronted almost immediately with problems related to the 1939 crop of fibre flax seed which was in demand in both Canada and the United Kingdom;² but no other problem was then pressing with respect to seed supplies for Canadian needs. There was, however, a clear realization that the European war might interfere with the shipment of seeds grown in Europe on which Canadian farmers and gardeners had been very dependent in peacetime. This, fortunately, was not true with respect to seeds of cereals and forage crops. There is never a serious shortage of the former in Canada, although local scarcities may develop as a result of weather conditions; but it was considered important under the stress of war that pure seed of approved varieties - particularly of rust-resistant cereals - should not be dissipated or lost through being exported. With respect to forage crop seeds, Canada is normally an exporter of substantial quantities and is seldom dependent upon imports. The immediate responsibility of the Committee, therefore, seemed to be that of conserving valuable strains of seeds so that the quality of crops should not deteriorate. Some increase in the production of field beans and peas also seemed to be desirable at that time. In these objectives the Board invited and received the co-operation of provincial Departments of Agriculture.

Field, Root and Vegetable Garden Seeds - Surveys of the Seeds Supply Committee in 1939 indicated that the immediate outlook for supplies of seeds of field root and vegetable crops was not alarming; but there was no assurance that scarcities of some of these would not be experienced in the course of a year or so. From these deliberations there was developed a scheme of seed production to serve Canadian needs as fully as possible in wartime; and out of it grew a plan to supply the United Kingdom through the Ministry of Agriculture with certain kinds of vegetable seeds. Thus was developed what was largely a new industry in Canada which might or might not be able to meet the competition of European and other seed growers at the end of the war.

The seeds production program was begun with the purchase and distribution of base stock seeds of field root and vegetable varieties.³ However, the production of seeds of vegetables required the assurance of a market for the product when it was grown. This was obtained through written agreements with seed growers that the Canadian government would buy any of the contract seeds which the grower could not sell through commercial channels. A beginning was made in 1941 with 471 acres used, under contract, for the growing of seed of beets, cabbage, cauliflower, parsnips, radish, spinach, Swedes and mangels. Provincial Seed Production Committees assisted administrative officers of the Canadian Government in selecting interested growers in the inauguration of the seed growing project. Most of the provinces shared in the growing of vegetables and other seeds when this program was initiated, but the greatest expansion took place in British Columbia.

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1. The Agricultural Supplies Committee was given the status of a Board on March 6, 1940. P.C. 948.
 2. See Chapter on Fibre Flax.
 3. See P.C. 1/1045, March 19, 1940.

An enlargement of the field and vegetable seeds production program occurred as a result of approaches from the British Food Mission which felt that in order to protect United Kingdom needs there should be a greater expansion of the seed production plan in Canada. Prior to 1943 and as early as 1940 contracts with Canadian growers of vegetable seed were made direct with seedsmen in the United Kingdom. These arrangements were discontinued in accordance with the policy of the British Ministry of Agriculture of concentrating such trade in Government departments. Consequently, there were from 1943 until the end of the war, annual contracts for vegetable seed production in which the interested participants were the Special Products Board, the growers and the British Ministry of Agriculture. At that time there were thirteen different kinds of vegetable seeds under production contracts; and shipments of vegetable seeds from Canada to the United Kingdom in 1944 were more than three and a half million pounds.⁴

The guarantee of a market for vegetable seed growers was shared during the first two years of the program by provincial governments as well as by the Government of Canada.⁵ Canadians were, however, becoming so dependent upon Canadian growers for their supplies of garden seeds that the project became one of national importance and was thereafter underwritten entirely by the Canadian government,⁶ which had an outlet for surpluses through its relations with the United Kingdom government. The actual purchases which the Government found to be necessary were small in relation to its contingent liability. This was the result of careful planning on the part of the administrative officers of the Department of Agriculture so that supply and demand factors should be related as closely as possible.

An important part of this vegetable seed production effort was organized in 1943 to increase the supply of high class seed stock free from disease and pure as to variety.⁷ The method followed was to produce a supply of Elite stock seed of various kinds and varieties under the direction of the Horticultural Division of the Experimental Farms Service, Ottawa, where there was already the personnel which possessed the necessary technical skill for such an undertaking. The seed improvement plan, which was completed in 1945, was developed at the various Experimental Farm Stations, at provincial government institutions and through experienced members of the Canadian Seed Growers' Association.

Vegetable seed production under contract with the Government was discontinued in 1946 after seed of biennials started in the previous year had been harvested. When this decision was made, seed shortages were no longer feared since seed production had greatly increased in Canada, and Canadian production was likely to be supplemented by European supplies at an early date.

Foundation Seed Potatoes - Some of the benefits of the potato improvement work done in Canada was in danger of being lost through the export of certified seed potatoes grown in 1939. Since it was estimated that only about 50,000 bushels of such seed were available, the Agricultural Supplies Board was authorized to purchase and dispose of it to selected growers of seed potatoes in Canada.⁸ Early buying of

4. See appendix for details of seed exports.

5. P.C. 3588, August 1, 1944, and P.C. 1/4937, July 9, 1941.

6. P.C. 6/93, January 7, 1944, and P.C. 2/9151, December 6, 1944.

7. P.C. 1/84, January 6, 1943.

8. P.C. 3292, October 25, 1939, and P.C. 1962, May 15, 1940.

seed potatoes was encouraged and this proved to be helpful to growers some of whom were handicapped in their marketing operations through the interruption of transportation such as occurred with the sinking of the Prince Edward Island ferry. Similar action with respect to seed potatoes was not again found to be necessary during the war; but measures of control of potato exports was a guarantee that Canadian needs could be met before permission would be granted for the export of apparent surpluses of this high grade seed.

Seeds Administrator - When a Seeds Administrator was appointed on January 16, 1942, to administer the Price Ceilings Policy of the Government, a close co-ordination was effected between the Wartime Prices and Trade Board and the Department of Agriculture insofar as it related to the production and marketing of seeds. The man selected for this position was the Director of the Seeds Division of the Department who had previously organized the work of the Seeds Supply Committee which has been reviewed to some extent. He had also been appointed Flax Fibre Administrator some weeks earlier, and he subsequently became Chairman of the Two Sections of the Special Products Board which had the responsibility of arranging for the export of shipments of seeds and flax fibres to the United Kingdom and other foreign buyers.

Grass and Clover Seeds - Production of grass and clover seeds in Canada is regional in character and highly variable in volume from year to year. Alfalfa production tends to become centred in the prairie region and to a lesser extent in Ontario. Alsike seed comes from Ontario and Alberta with the latter province gaining in eminence as a producer. In production of red clover seed, Alberta also shares leadership with Ontario. Ontario and Quebec farmers are the chief growers of timothy seed; but the chief Canadian sources of supply of seed of brome, crested wheat grass and sweet clover are the prairie provinces. Alberta has made great strides in the growing of seed of grasses and clovers in recent years and, with the other provinces, has possibilities of further expansion.

International trade in these seeds insofar as Canada is concerned is in the field of exports, with imports being either non-existent or negligible. Wartime production in Canada was, therefore, important to purchasing countries as well as to the country of origin. And control of seed exports was also essential in order that domestic needs should be met before supplies became exhausted.

Control of export sales seemed to be required also to insure equitable treatment to growers when prices in the United States and other countries rose above the established ceilings in Canada, and only part of Canadian production could be spared for sale in foreign markets. To meet these problems the Special Products Board was authorized on July 8, 1943,⁹ to purchase and become the sole exporter of surplus seed of alfalfa, red clover, alsike clover and mixtures of alsike and white clover. A Seed Export Office, which operated for three years, was, accordingly, established at Lindsay, Ontario, and authorized to arrange for the purchase of quantities of certain field seeds which were surplus to domestic requirements, at prices compatible with existing price ceilings; to sell such seeds on the export market at prevailing world prices and to arrange for the issuance of participation certificates to farmers by approved seed dealers so that producers could be returned, pro rata, a share of the net profits accruing from such export sales.

9. P.C. 2/6000, August 1, 1944, and P.C. 7/5928, September 8, 1945.

The use of participation certificates to guarantee growers an equitable share in the proceeds was not of itself sufficient as a production inducement. The Volume of seed exported from the 1943 crop was small, and so were the participation payments. When it was found that export sales in 1943 would not permit payments of more than 1.6 cents per pound for alfalfa, approximately 2 cents per pound for red clover and 1.7 cents per pound for alsike clover and mixtures of alsike and white clover seed, the Special Products Board was authorized to guarantee a value for the participation certificates of three cents per pound for red clover and five cents per pound for the other clover seeds. If sales by the Seed Export Office should provide more funds than would be needed to meet the guarantee, the surplus would be paid to the growers. This was possible as a result of sales of alfalfa seed in 1944 and 1945, but through smaller crops of other seeds, particularly in 1945, it became necessary for the Canadian Treasury to provide \$185,751.33 to enable the Board to fulfil its commitments under its guarantee to growers.¹⁰ The guarantee, however, and the prospects of supplementary payments were incentives to the production of seeds which were urgently needed in allied countries. Fluctuation in the production of forage crop seeds was due to variable seasons rather than to "inputs" of effort by growers.

The Agricultural Supplies Board became an importer of seed of red clover and alsike clover when drought conditions in Ontario and Quebec caused a partial failure of these crops in 1942 with less seed than was needed for sowing in 1943.¹¹ It was difficult to obtain a million pounds of seed which the Board was authorized to procure, since the producing area of the United States also had suffered from drought and other allied countries were dependent upon supplies from that source. Canada, however, did obtain 167,850 pounds of alsike and 786,000 pounds of red clover.

Assistance was given by the Agricultural Supplies Board in the transportation of alfalfa seed to Eastern Canada in 1942 when Eastern production was not enough for local needs and high prices paid by dealers for prairie grown seed did not permit them to serve Eastern needs within ceiling prices without incurring a loss. The Special Products Board had allowed the export of about one half of the Western crop of alfalfa seed grown in that year.¹² To facilitate sales of the remainder in Eastern Canada after dealers had, as far as possible negotiated sales, the Agricultural Supplies Board bought seed and paid storage and transportation costs so that sales could be made without violating price ceilings. Assistance in 1944 and 1945 when similar shortages occurred in Eastern Canada took the form of payment, on carload shipments, of the freight charges from Winnipeg to Eastern destinations.¹³ Under these arrangements, more than five million pounds of seed were moved to Eastern Canada in 1944 and 1945.

One of the problems associated with the marketing of root and vegetable seeds was that of cleaning them to acceptable standards, and in this the Agricultural Supplies Board granted assistance to the Vegetable Seed Growers in British Columbia and in Prince Edward Island. This assistance was similar to that previously given to other provinces under a joint policy in which both Federal and Provincial Governments shared the cost with a view to the use of better cleaned seed for the production of field crops.

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10. Sales of clover seeds in foreign countries provided a surplus of \$165,857.00 in excess of their value at ceiling prices in Canada.
 11. P.C. 6/1950, March 13, 1943.
 12. Export control of seeds was authorized in December, 1941. By the end of 1946 these had been removed with the exception of cereal grains and clover and grass seeds. Price control of seeds was removed in July, 1946, with the exception of field peas and beans of non-registered or certified quality.
 13. Freight assistance under this policy amounted to \$52,000.00.

Most of the special administrative services related to seeds were completed in 1946. Ceiling prices on most seeds were removed in July when scarcities were no longer probable. The Seed Export Office was closed at the end of August. Shipments of field and vegetable seeds to the United Kingdom grown in 1946 were completed in March, 1947.

AMOUNTS OF VEGETABLE SEED COVERED BY CONTRACTS WITH
GROWERS FOR DELIVERY TO THE UNITED KINGDOM BY THE
SPECIAL PRODUCTS BOARD

CROP: -

Kind	1943	1944	1945	1946	TOTAL
			(P o u n d s)		
Carrot	: 70,250	: 188,000	: 12,500	: 50,000	: 320,750 ★
Onion	: 40,050	: 262,900	: 149,000	: 21,200	: 473,150 ★
Lettuce	: 3,000	: 40,000	: 40,000	: 13,900	: 96,900
Cauliflower	: 250	: 6,100	: -	: -	: 6,350
Beans	: 1,057	: 25,000	: -	: -	: 26,057
Radish	: 10,000	: 170,000	: 170,000	: 60,000	: 410,000
Peas	: -	: 2,907,200	: 2,620,300	: 2,683,000	: 8,210,500
Tomato	: -	: 4,000	: -	: -	: 4,000
Cucumber	: -	: 5,000	: 5,000	: -	: 10,000
Veg. Marrow	: -	: 10,000	: 10,000	: 8,000	: 28,000
Beet	: -	: 45,000	: 50,000	: 20,000	: 115,000
Cabbage	: -	: 8,625	: 10,000	: 13,750	: 32,375
Leek	: -	: 8,625	: 4,000	: -	: 12,625
	: 124,607	: 3,680,450	: 3,070,800	: 2,869,850	: 9,745,707 ★

★ - In addition to these amounts as shown, the Special Products Board entered into contracts with growers in 1946 for the production and delivery of 100,000 pounds of carrot seed and 20,000 pounds of onion seed from the 1947 crop. In the Spring of 1947 these contracts with growers were taken over by the Seeds Import Board of the United Kingdom. The Special Products Board, therefore, did not purchase or export any vegetable seed from the 1947 crop.

QUANTITY OF ALFALFA, RED CLOVER, ALSIKE AND ALSIKE-WHITE CLOVER MIXTURE COVERED BY PARTICIPATION CERTIFICATE
AND EXPORTED BY SEED EXPORT OFFICE OF SPECIAL PRODUCTS BOARD, AND VALUE OF PARTICIPATION CERTIFICATE FOR
CROP YEARS 1943-45

	A L F A L F A				R E D C L O V E R				A L S I K E & ALSIKE-WHITE CLOVER MIXTURE			
	1943	1944	1945	Total	1943	1944	1945	Total	1943	1944	1945	Total
Quantity covered by Participation Certificates (lbs)	5,013,428	9,905,763	10,130,163	25,049,354	5,463,706	7,970,841	5,069,476	18,504,023	4,486,945	2,017,165	3,318,940	9,822,950
Quantity exported (lbs)	352,100	5,126,040	5,163,382	10,641,522	60,000	2,418,800	721,105	3,199,905	689,700	123,450	688,500	1,501,650
Total Export Profits (£)		763,157.66	1,028,490.13			322,410.39	96,708.85			20,162.80	116,779.74	
Value of Participation Certificate per lb. (¢)	1.638	7.7	10.13		1.986	4.04	3.0		1.695	5.0	5.0	

TABLE NO. 3

SEED EXPORTS BY CROP YEARS BY SPECIAL PRODUCTS BOARD, 1942-46

Kind	1942 Crop		1943 Crop		1944 Crop		1945 Crop		1946 Crop		Total - 5 Years	
	Amount lbs	Value \$	Amount lbs	Value \$	Amount lbs	Value \$	Amount lbs	Value \$	Amount lbs	Value \$	Amount lbs	Value \$
Alfalfa	359,890	102,120.91	397,050	202,131.72	5,244,636	2,547,833.16	4,918,287	2,647,543.94	-	-	10,916,863	5,499,629.73
Alsike	-	-	487,350	174,031.01	134,400	60,927.75	677,550	312,056.05	-	-	1,299,300	547,014.81
Red Clover	-	-	60,000	27,000.00	2,682,800	1,163,401.15	442,200	198,026.25	-	-	3,185,000	1,388,427.40
Alsike & White	-	-	190,950	73,515.75	-	-	-	-	-	-	190,950	73,515.75
Timothy	-	-	536,040	54,944.10	1,736,760	176,132.50	3,920,420	404,553.20	-	-	6,193,220	636,629.80
Crested Wheat	-	-	12	-	-	-	469,078	46,907.80	-	-	469,090	46,907.80
Western Rye	-	-	12	-	-	-	-	-	-	-	12	-
Brome	-	-	-	-	176,000	23,888.00	-	-	-	-	176,000	23,888.00
Creeping Red	-	-	-	-	-	-	66,100	39,660.00	-	-	66,100	39,660.00
Peas (Field)	-	-	-	-	2,204,250	176,340.00	3,298,200	247,365.00	-	-	5,502,450	423,705.00
Root (Mangel & Swede)	-	-	-	-	259,931	116,968.95	202,137	80,854.80	-	-	462,068	197,823.75
Veg. Seed	-	-	60,921	116,103.61	1,819,958	910,440.37	6,000	3,000.00	-	-	6,000	3,000.00
Tree Seeds	-	-	500	1,005.00	-	-	1,945,450	1,303,544.25	1,618,864	320,749.47	5,445,193	2,650,437.70
	bu.	-	bu.	-	bu.	-	bu.	-	bu.	-	500	1,005.00
Flax (oil)	350	1,150.00	400	2,520.00	1,476	8,214.00	-	-	-	-	2,226	11,884.00
Flax (fibre)	-	-	-	-	3,680	35,144.16	14,390	77,671.25	-	-	18,070	112,815.41
Corn (Field)	400	1,240.00	-	-	112,322	334,119.61	75,010	268,019.97	-	-	187,732	603,379.58
Barley	-	-	-	-	-	-	36,290	72,745.80	-	-	36,290	72,745.80
Oats	-	-	-	-	-	-	258,947	390,792.76	-	-	258,947	390,792.76
Wheat	-	-	-	-	-	-	387,776	930,702.40	-	-	387,776	930,702.40
Soy Beans	-	-	-	-	-	-	200	825.00	-	-	200	825.00
TOTALS	359,890 750 lbs. bu.	104,510.91	1,732,835 400	651,251.19	14,255,735 117,478	5,553,009.65	15,945,422 772,613	7,024,268.47	1,618,864	320,749.47	33,912,746 891,241	13,653,789.69

Chapter 8

FLAX FIBRE ADMINISTRATION

Production of flax fibre in Canada is an old but limited form of agricultural activity, characterized by two periods of abnormal expansion during the world wars of the present century. Acreage devoted to this crop increased from an average of 8,222 acres in the period 1935 to 1939 to a maximum of 47,070 acres in 1943. This is accounted for by the fact that the flax industry of the United Kingdom was, in both wars, deprived of supplies normally available in Belgium, Holland, France, the Baltic States and parts of the U.S.S.R. The Government of the United Kingdom made plans early in the second world war to stimulate fibre flax production within the United Kingdom and in Commonwealth countries; and Canada was included in these plans. Prices remained fairly steady at first, but in order to provide an incentive to produce this crop more abundantly, they were advanced to about two and a half times those paid before the war.

For many years the Canadian Department of Agriculture through the Flax Fibre Division of the Experimental Farms Service has carried on a broad programme of research with respect to the production and processing of flax fibres, and the results of such researches have been available to Canadian growers. In 1939 the growing of fibre flax was carried on mainly in Western Quebec and in Western Ontario; and the principal objective was the production of seed for export to Northern Ireland. Some effort had been made since 1935 to mechanize the industry; and several flax mills were equipped with modern scutching machinery imported from Belgium. A number of those engaged in the growing of fibre flax in 1939 had had experience in its production during the war period of 1914-18 and were well prepared, through experience as well as by inclination, to respond to the request of the United Kingdom Government for increased Canadian participation in the scheme.

One of the earliest requests of the United Kingdom Government was for supplies of seed of fibre flax for sowing in Northern Ireland, whose growers had been obtaining some of their choicest seed from Canada. To meet these requests, the Agricultural Supplies Committee was authorized¹ in October 1939 to purchase all available supplies of fibre flaxseed, to organize flax production areas, to resell seed for use in such areas and to sell the remainder for export to Northern Ireland. Purchase, storage and export of this seed was handled by the Seed Supply Committee, and details are given in an appendix.

Flax Fibre Administrator - From the time of his appointment on November 18, 1939, the Flax Fibre Administrator - as in the case of other Administrators - acted as a representative of the Minister of Agriculture with respect to the production of fibre flax and as a representative of the Wartime Prices and Trade Board in administering regulations of the Board with respect to maximum prices. The Flax Fibre Administrator also became Administrator of Seeds on January 16, 1942, and later in that year he was appointed manager of both the Field and Vegetable Seeds Section and the Fibre Flax Section of the Special Products Board. A knowledge of these administrative relationships may conduce to a clearer understanding of this review of accomplishments in these separate fields of endeavour.

1. P.C. 2906, October 5, 1939. The Committee was given the status of a Board on March 6, 1940. P.C. 948.

Organizing Production - With the fibre flax seed retained in Canada the Agricultural Supplies Board encouraged the production of fibre flax but only in regions where soil and climatic conditions favored a maximum yield of both fibre and seed and where capital was available for financing the mills, machinery and other costs incidental to getting new areas into production. It was realized by the Board from the outset that production in unsuitable areas could only lead to failure and loss for both growers and processors. While the prairie provinces are the main source of Canadian flax seed for the extraction of oil, the climatic conditions there are not so favorable for the production of flax fibre which requires a more humid climate. Acreage of fibre flax expanded in 1940 two and a half times that of 1939, largely in the Cobden - Beachburg districts in Ontario and in the St. Maurice, Chateauguay, Maskinonge and Vaudreuil-Soulanges counties of Quebec.

Seed production from the crop of 1940 was disappointing as a result of unfavorable harvesting weather in Western Ontario and because of delays and other difficulties in securing seeding and processing machinery particularly in areas newly organized for flax production. But the number of acres seeded in Canada to flax for fibre production in 1941 was again doubled. After meeting domestic seed requirements, it was possible, however, to ship 20,766 bushels of seed to the Government of Northern Ireland in 1941 in response to requests from the United Kingdom authorities. When it became possible for the United Kingdom to grow enough seed in 1941 to meet its own requirements, Canadian seed supplies were much less in demand during the ensuing years although some was sold to Peru in 1944, and a post war market was retained for very limited sales of high class seed to Northern Ireland.

Mechanization - The rapid expansion in the fibre flax industry in 1940 emphasized the need for additional machinery to process the crop, and much of the disappointment in handling the 1940 crop was due to the inadequacy and the scarcity of processing machines.

Before the invasion of Belgium in 1940 substantial quantities of flax processing equipment were imported from that country, but additional supplies were needed and its scarcity gave rise to a plan to manufacture such machinery in Canada.²

2. The Fibre Division of the Experimental Farms Service gave leadership in the testing of machines for processing flax and assisted in the importation and development of others, since there was a growing scarcity of experienced workers for the handling of flax, and mechanization was becoming more essential. In the early months of the war when flax machinery was being imported to Canada a Belgian inventor brought his designs to this country with the idea of having flax machines manufactured here. One of these - a flax puller - had been tested by the Fibre Division and found satisfactory. A tow shaker made in Canada from the designs of this inventor was also found to be useful; but a tow scutcher, of which there was a decided shortage at that time, was much less satisfactory. Fortunately there was in Canada one Etrich Tow Scutcher, a German invention, which had given excellent service for some years. This important unit was then in use in processing flax from the 1940 crop in a mill in Western Ontario, and it was selected as the prototype for the manufacture of ten others. The owners were agreeable to the use of their machine for the making of moulds and measurements subject to their being paid a per diem allowance for the maintenance of a working staff while the machine was idle. It was the opinion of the Agricultural Supplies Board that all possible steps should be taken to prevent loss or damage to machine parts while measurements were being taken of the dismantled machine. Accordingly the Government, for the protection of all concerned had the Royal Canadian Mounted Police maintain constant supervision of the Etrich Scutcher during the time it was being used for that purpose. The machine was then re-assembled and returned to the custody of the owners who were paid according to the previous arrangements. See P.C. 3452, May 19, 1941 as amended by P.C. 4539, June 24, 1941.

Because of the intricate nature of much of this equipment it was found necessary for the Agricultural Supplies Board to sponsor and underwrite its manufacture. Arrangements were made for a manufacturer of farm machinery to produce under license ten units of the Etrich Scutcher and a like number of a Vanhauwaert type of turbine scutcher. To do this it was necessary to prepare blue prints and provide tooling equipment, which was authorized by the Government and done under the supervision of the Agricultural Supplies Board. The Board also financed these units when delivered by the manufacturers and entered into agreements with the scutching mill operators to repay the Board within a period of three years.

The growers of flax experienced the difficulty, common to all war industry, of rising costs of production. They were also exposed to the hazards of climate. Only minor adjustments were possible in the price of the product. Their returns were diminished by the high costs of the machinery made in wartime and seemed likely to become less unless something special could be done to aid the industry. The scutchers made in Canada were much more costly than machines imported before the war, notwithstanding that the Government had absorbed all of the costs of obtaining blueprints, patterns and special tools used in their production.³ Authority was therefore given to rebate⁴ one third of the cost of turbines and tow scutching machines manufactured in Canada and purchased between January 1, 1940 and March 31, 1945. The activities of the Board with regard to other machines such as pullers and lifters was limited to that of assisting manufacturers in obtaining priorities on the materials used in their production.

Government Grading - When the marketing of flax fibre was placed under an Administrator in 1941,⁵ regulations were approved establishing official grades of flax and tow.⁶ Six inspectors were appointed to give the necessary inspection and grading service at processing plants. Before grades were established, the fibres had been purchased by a representative in Canada of the United Kingdom Flax Control on his personal inspection of the grading by employees of individual flax plants. The Canadian system of grading established under the Grading Regulations soon proved its worth and its use was specified in all sales agreements subsequently made with the United Kingdom although the acceptance of the graded product remained subject to the approval of the Canadian representative of the United Kingdom Flax Control.

Organization - Flax administration was made more difficult during the early years because of the fact that there were two organizations representing the industry. The Agricultural Supplies Board authorized the appointment of a Flax Fibre Advisory Committee⁷ in June 1943 with a view to improving the situation. This Committee met in Ottawa on four occasions and advised the Administration on policies pertaining to the production, grading and marketing of flax fibres. The Flax Fibre Advisory Committee was disbanded as of December 7, 1945, about eleven months after the formation of the National Flax Council⁸ which has been continued as a permanent committee on behalf of the fibre flax industry.

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3. P.C. 8590, November 4, 1941.
 4. P.C. 8987, November 18, 1941.
 5. P.C. 6/2969, April 25, 1945.
 6. P.C. 1/3514, April 29, 1943.
 7. See Chapter 3.
 8. Ibid.

Selling Services - Prior to the appointment of a Flax Fibre Administrator and the formation of the Special Products Board the Agricultural Supplies Board negotiated sales of flax fibres of acceptable quality with the Flax Control of the United Kingdom Ministry of Supply. The entry of the United States into the war increased its requirements of fibre and the prices paid there were more attractive to Canadian growers than those received from the United Kingdom Flax Control. The Agricultural Supplies Board endeavoured to correct the situation through negotiations with the Flax Control of the United Kingdom. It was finally decided to divide the tonnage of fibres from the 1941 crop as equally as possible between the United Kingdom and the United States. The equitable division of proceeds from that crop was one of the first duties of the newly formed Flax Fibre Administration.

At a meeting held in Washington in March 1942 and attended by the Flax Fibre Administrator and his Assistant, an effort was made to negotiate a new agreement which would permit an equal division of all grades of flax and flax tow of Canadian origin required by the United Kingdom and the United States. Under this agreement, which was completed in August, the Special Products Board bought all of the flax fibre and spinnable tow and resold to the two governments at the same price for each grade. This agreement was to be effective in each of the subsequent processing years (ending September 15) up to and including the year following the calendar year in which an armistice would be declared between the United Kingdom and Germany. Under the agreement the United States through the Commodity Credit Corporation was to inform Canada of its intention to claim its share of the Canadian crop for each six months' period prior to delivery. It was expected that the United States and the United Kingdom would each use one half of the Canadian production, but the C. C. C. exercised its rights under the agreement only in the years 1942-43 and 1943-44. In consequence, the United Kingdom was able to buy much more than the expected 50 per cent of production.

Advancing costs of production were urged as a reason for increasing the prices paid to producers of the 1943 crop above those named in the agreement, and this resulted in the paying prices being increased ten cents per pound above the contract figures.⁹

On the termination of the wartime agreements on September 16, 1946, the National Flax Council, representing the growers and processors, requested that negotiations be undertaken with the United Kingdom authorities for a contract covering the crop of 1946. Direct negotiations with the British Board of Trade became possible because of the presence in England of a delegation from Canada which included the Assistant Flax Fibre Administrator, the Chief of the Fibre Division of the Experimental Farms Service and the Secretary-Treasurer of the National Flax Council. An agreement was concluded covering the delivery to the United Kingdom of the production of dew-retted scutched flax, pluckings and Grades A, B and C of flax tow from the 1946 crop surplus to domestic requirements. This arrangement involved a substantial price reduction compared with prices paid under previous contracts but was the same as those paid for similar quality from other empire sources.¹⁰ Arrangements were also completed for sale to commercial interests in the United States of all grades D, E and F tow surplus to domestic needs.¹¹ One significant change in the procedure under the 1946 agreement with the United Kingdom was their acceptance of flax and flax tow on the sole inspection by the Canadian Department of Agriculture on the basis of Canadian grade standards.

9. Considerable time was devoted to investigations of production costs relating to buildings, machinery and other equipment.

10. See Appendix A, Tab 3.

11. Ibid.

With the discontinuance of the Agricultural Supplies Board on March 31, 1947, the Flax Fibre Administration also ceased to function. The Flax Fibre Section of the Special Products Board, however, remained active until the termination of the post-war agreement for the sale of the 1946 flax crop at September 15, 1947. When it was learned by the Special Products Board that Canadian flax production could in future be marketed in the United Kingdom through commercial interests the Board advised producers that the Flax Fibre Section would cease to function on September 15, 1947. Arrangements were subsequently made to have the Co-operative Federee de Quebec, Montreal, act as a selling agency on behalf of the National Flax Council. At the request of Canadian producers the compulsory grading of spinnable flax and flax tow was continued under the authority of the amended Inspection and Sale Act.

Miscellaneous - Throughout the war the Agricultural Supplies Board assisted in developing new areas of flax production by obtaining priorities required for buildings and equipment. Officials of the Fibre Division visited producing areas and advised growers and processors of the best methods of production and processing. Two pamphlets were published in the Wartime Production series, entitled "Fibre Flax Production in Canada" and "Modern Machinery for Harvesting and Processing Fibre Flax".

The growing of flax to meet special demands of wartime experienced rapid expansion and a corresponding decline in economic importance such as was common to many war industries. It did, however, benefit from the improved techniques developed during the war and the improvements made in facilities for handling the product. Unfortunately the post-war scarcity of dollars greatly increased the difficulty of marketing flax fibres in the United Kingdom. There remained, however, a limited export demand for high class seed. The survival of flax production even on a limited scale serves to emphasize particularly the regions most suitable for fibre production and the farmers most interested in this form of agricultural effort. The establishment of grades and the maintenance of an official grading service provides a firmer foundation for the transaction of business. The quality of the product rose steadily during the war as a result of experience in catering to a discriminating market and in consequence of the concentrated attention given by officials of Governments, both Federal and Provincial, which have an interest in this phase of production. The efforts of the Fibre Division of the Experimental Farms Service over a long period are deserving of special mention.

Appendix A

Flax Production, and Exports of Flax Fibres by the Special Products Board

The following tables give particulars of the production of flax fibres by years and the quantities exported made by the Special Products Board.

Table 1. PRODUCTION DATA

Processing years, Sept. 15 to Sept. 14	No. of Mills	No. of Acres Planted for Production of Spinnable Fibres	Graded Scutched Flax (tons)	Graded Scutched Tow (tons)	Total Value of Crop. (\$)
1939-40	8	8,306	538	1,806	837,600.00
1940-41	16	20,275	1,020	499	1,150,151.95
1941-42	35	44,467	1,455	2,649	1,954,573.38
1942-43	38	47,070	1,477	2,928	2,242,075.44
1943-44	42	33,864	1,249	3,122	2,252,787.65
1944-45	42	38,792	927	1,957	1,457,000.00
1945-46	38	21,557	985.5	1,522.8	1,755,243.03
1946-47	33	15,762	460	433	437,708.93
1947-48	21	6,900	X 411	X 515	X 453,878.90

X Estimated

Table 2. EXPORTS BY SPECIAL PRODUCTS BOARD

Processing and Agreement Year	Amounts of Flax Fibres (All Grades) (Pounds)	Value in Canadian Dollars
	<u>Exports to Great Britain</u>	
1941-42 (Aug. 12 - Sept. 15, 1942)	1,721,536	369,143.10
1942-43	7,571,990	1,694,851.73
1943-44	8,232,437	2,002,193.88
1944-45	5,206,402	1,204,695.61
1945-46	4,415,924	1,352,911.84
1946-47	871,684	300,033.48
	<u>Exports to United States</u>	
1941-42	Nil	Nil
1942-43	931,729	379,943.71
1943-44	135,793	63,593.77
1944-45	Nil	Nil
1945-46	Nil	Nil
1946-47	395,430	49,462.75
<u>Summary of Exports</u>	<u>Total Exports</u>	
1941-42	1,721,536	369,143.10
1942-43	8,503,719	2,074,795.44
1943-44	8,368,230	2,065,787.65
1944-45	5,206,402	1,204,695.61
1945-46	4,415,924	1,352,911.84
1946-47	1,267,114	349,496.23

Table 3. PRICES FOR FLAX - PLUCKING AND TOW

- (a) 1942 Agreement for shipment f.o.b. rail at point of loading in Canada, payment in Canadian Exchange.

Scutched flax

Canada Grade 1	..	45¢	per lb.
"	"	2	.. 43¢ "
"	"	3	.. 41¢ "
"	"	4	.. 37¢ "

Scutched tow

Pluckings	..	24¢	per lb.
Grade A	....	22¢	"
" B	....	20¢	"
" C	....	18¢	"
" D	....	16¢	"
" E	....	13¢	"
" F	....	11¢	"

These prices were advanced 10¢ per pound for the crops grown in 1943, 1944 and 1945.

- (b) 1946 Agreement for product f.o.b. ocean vessel at Canadian Atlantic seaboard.

Scutched flax

Canada Grade 1	..	40¢	per lb.
"	"	2	.. 38¢ "
"	"	3	.. 35¢ "
"	"	4	.. 31¢ "

Scutched tow

Pluckings	..	22¢	per lb.
Grade A	....	16¢	"
" B	....	14¢	"
" C	....	12¢	"

Sales of lower grade scutched tow from the 1946 crop sold in the United States brought 14¢ per lb. for Grade D, 12¢ for Grade E, and 11¢ for Grade F. f.o.b. suppliers shipping point.

The Flax Fibre Administrator authorized deliveries of graded flax and flax tow from processing mills direct to domestic consumers and approved, when in accordance with the agreements, applications to permit the export of these products. These transactions were not responsibilities of the Special Products Board.

Appendix B

List of Canadian Producers

The following is a list of processing mills in operation during part, or all, of the period August 1939 to 1948, by Provinces:

QUEBEC

Co-operative de Lin du Nord de Montreal, St. Francois de Sales, P.Q.
Societe Co-op. Agricole des Producteurs de Lin, Yamachiche, P.Q.
Ecole du Lin, Plessisville, P.Q.
Flax Co-op., Montmagny, P.Q.
Flax Co-op., Gentilly, P.Q.
Flax Producers Co-op., LaBaie, P.Q.
Flax Producers Co-op., St. Johns, P.Q.
Flax Co-op., Louiseville, P.Q.

QUEBEC (Cont'd)

Flax Co-op., Martine, P.Q.
Linerie Co-op. du Temiscouata, Notre Dame du Lac, P.Q.
Linerie Co-op. de Kamouraska, St. Alexandre, P.Q.
Linerie Co-op. de Kamouraska, Ste. Anne de la Pocatiere, P.Q.
Dalhousie Flax Mill Reg'd., Dalhousie Station, P.Q.
Vaudreuil-Soulanges Flax Producers Co-op., DeBeaujeu, P.Q.
Flax Co-op., St. Louis de Gonzague, P.Q.
Salaberry Flax Co., St. Urbain, P.Q.
Flax Co-op., St. Charles de Caplan, P.Q.
H. Cloutier, La Presentation, P.Q.
Acton Vale Silk Mills, Acton Vale, P.Q.
Poulin & Castonguay, St. Edouard, P.Q.
Jos. Gagne, St. Polycarpe, P.Q.
A. Charette, Rigaud, P.Q.
Langlois Bros., St. Paul, P.Q.
D'Amour Freres, Rigaud, P.Q.
Valley Flax Products Ltd., Valleyfield, P.Q.

ONTARIO

Flax Co-op. de St. Isidore, St. Isidore de Prescott, Ont.
Alexandria Flax Mill, Alexandria, Ont.
Eastern Ontario Flax, Orleans, Ont.
Casselman Flax Co-op., Casselman, Ont.
Glengarry Flax Co., North Lancaster, Ont.
MacLeod Flax Producers, Glen Norman, Ont.
Laurentian Flax Products, Beachburg, Ont.
Laurentian Flax Products, Richmond, Ont. (two mills)
Gordon Flax Limited, Blyth, Ont.
Hesky Flax Products Ltd., Toronto, Ont. (three mills)
J. G. Anderson & Son, Lucknow, Ont.
Flax Co-operative, Alfred, Ont.
Duvivier & Crouch, Dunvegan, Ont.

BRITISH COLUMBIA

Fraser Valley Fibre Flax Co-op., White Rock, B.C.

Chapter 9

FEEDS ADMINISTRATION

Problems of major importance in relation to feed grains arose in Canada during the war. They involved the bonusing of farmers for acres of cropland converted from wheat growing to the production of oats and barley, the control of exports of feed grains and millfeeds and a policy of generous assistance by the Government in moving feed grains and millfeeds to Eastern Canada and British Columbia as an encouragement of greater production of livestock and livestock products.

Pre-war Feed Conditions in Canada - The problems of feed administration may be more clearly appreciated when contrasted with pre-war conditions. Comparative freedom of trade in grains and other ingredients of livestock feeds prevailed during the years immediately preceding the Second World War. Accumulated world surpluses of grains had been consumed or put aside in importing countries as reserves against future contingencies, and some of the prohibitive customs tariffs and import controls which developed during the depression years had been removed or moderated.

Feed deficiency areas in Canada, normally dependent upon supplies of grain grown elsewhere, obtained grain stocks in pre-war years wherever it was economically profitable to do so, and imported corn from the United States, Argentina or South Africa as conditions warranted.¹

An important factor in this connection was the cost of moving grains from the prairie region to other parts of Canada. Domestic freight rates, applicable to such shipments, were higher than the export rates granted by transportation companies in order to make Canadian grains competitive in world markets with grains from other countries. In pre-war years this freight differential was an obstacle to the use of prairie grains in the Maritime provinces and British Columbia.

Special efforts to find markets for prairie grains in other parts of Canada were made by organizations of Western grain growers during the period between the two world wars. Initially they supplied barley and other western grains and, subsequently, gave cash subsidies in support of feeding trials at Agricultural Colleges which tested the feeding value of Canadian grains and found from their researches that dependable balanced feeds could be blended without the use of imported grains.

Drastic changes in world grain trade followed the outbreak of the war. Canada had ample supplies of cereal grains in 1939, and had been exporting millfeeds and animal proteins up to that time. Wartime controls of transportation restricted the former free movement of commodities, which, on the North American continent, became more firmly controlled in the interests of the war program of the United Nations.

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1. During eleven years, 1928-29 to 1938-39 inclusive imports of corn to Canada averaged 10,890,818 bushels and exports averaged 57,273 bushels - Agricultural Division, Dominion Bureau of Statistics.
 2. Principally MacDonald College of McGill University.

Increased wartime demand for livestock feeds arose in Canada because of crop failure. Under these circumstances the task of insuring adequate supplies of feedstuffs to meet the increasing needs of farmers soon became one of the most important duties of the Agricultural Supplies Committee.³

In the discharge of these duties the Board maintained close supervision over supplies and prices of the various classes of feeds and feeding oils used in livestock and poultry production. Feed supplies fluctuated widely according to crop yield and consumptive demand. Efforts were made early in the war to encourage farmers to adjust their farming practices to meet an expected demand for livestock feed.

Thus, during the first two war years the Agricultural Supplies Board accomplished much to insure adequate supplies and fair distribution of feedstuffs in Canada. Through its influence the movement of millfeeds to the United States was increasingly restricted. Efforts were made to increase supplies of scarce fish oils and animal proteins for poultry and animal feeding. The Wheat Acreage Reduction plan was introduced in Western Canada to modify crop production trends. As the war progressed and the meat requirements of the United Kingdom increased it was found that the production of meat and other animal products could be substantially augmented by making larger supplies of feed available for use in the mixed farming regions of Canada. Freight assistance policies were accordingly authorized by the Canadian Government to move surplus grains from the Prairie Provinces to supplement feed supplies elsewhere. It is intended in this chapter to review some of these activities in greater detail.

Administrator Appointed - In the fall of 1941 it became apparent to the Agricultural Supplies Board that the task of administering feed supplies required the appointment of additional executive staff. Much of the work of feeds administration had up to that time been performed by Departmental officials whose duties were becoming increasingly burdensome. A solution was found in the appointment of a Flour and Feeds Administrator⁴ on October 1, 1941. The Order-in-Council, P.C. 8097 authorizing Regulations for Feed administration indicated that it was

"desirable and in the public interest that an Administrator be appointed to regulate the production and distribution of flour and feeds to meet present and potential needs; such Administrator to be under the direction of the Minister of Agriculture and the Agricultural Supplies Board generally with respect to feeds and under the Wartime Prices and Trade Board with regard to prices and licenses specifically; and to be under the Wartime Prices and Trade Board with respect to flour."

In the Regulations, the term "feeds" was defined to include "feed grains, whole or ground; wheat millfeeds; animal and vegetable protein concentrates; commercial mixed feeds; hay and straw and other livestock and poultry feeds and feed materials."

3. On March 6, 1940, the Agricultural Supplies Committee became a Board. P.C. 948.

4. F.W. Presant, B.S.A., who resigned Oct. 13, 1943, and was succeeded by J.G. Davidson, B.S.A.

The powers given by the Government to the Feeds Administrator⁵ were broad and comprehensive, and they required no amendment to meet contingencies arising during the war. Moreover, they served as a model for subsequent use when Administrators were appointed and given responsibility for controlling and administering other essential commodities and services.

The Feeds Administrator was required to deal with matters pertaining to supplies of livestock and poultry feeds in Canada. He was primarily responsible for finding feed substitutes or new sources of feed in short supply. It was also his duty to administer Freight Assistance Policies with respect to the transportation of feeds to Eastern Canada and British Columbia. It was not long, however, before the duties of the Flour and Feeds Administrator were divided and an appointment was made of a Flour Administrator who was responsible to the Wartime Prices and Trade Board. This relieved the Feeds Administrator of some responsibility, but it divided two closely related services and possibly permitted some unforeseen difficulties to arise.

With the expansion of the Freight Assistance Policy and the establishment of the general price ceiling policy of the Wartime Prices and Trade Board⁶ it became necessary to set up branches of the Feeds Administration in Winnipeg, Vancouver, Montreal and Toronto, in addition to the chief office in Ottawa. The Associate Chief of the Plant Products Division⁷ who had developed and administered the Feeding Stuffs Act in pre-war years was closely associated with the work of feeds administration throughout the war. His services were particularly valuable to the Administrator when it became necessary to conserve essential feed ingredients in short supply.

Feed Grain Export Policy - To protect Canadian interests in the production of livestock and livestock products and thereby aid the fulfilment of food contracts with the United Kingdom was a dominant factor in the Government's policy regarding export of feed grains and other feedingstuffs. By the end of 1941 practically all feed grains and feedingstuffs had been brought under the control of the Feeds Administrator, and only when it seemed that supplies were sufficient to warrant sales to other countries was permission granted to export apparent surpluses.⁸ Exports, nevertheless, were large as a result of extraordinary crop

5. See Appendix to Chapter 2 for details.

6. December, 1941.

7. W. R. White, B.S.A.

8. Export controls applied to the following products:

alfalfa, alfalfa meal, and alfalfa leaf meal; grasses, cereal or other, dehydrated; legumes, dehydrated, for animal or poultry feeding; hay, all kinds; straw, all kinds; wheat, grade 4 or lower grades; rye, whole or ground; buckwheat, whole or ground; oats, barley, or any combination or mixture of these or of either of them with other feed, grains whole or ground; corn, whole, ground or cracked, corn gluten feed, hominy and corn grits; grain screenings of feed grades; oat screenings and uncleaned screenings; wheat bran, wheat shorts, wheat middlings; mixed feeds; dried beet pulp; brewers' dried grains; dried brewers' yeast; distillers' dried grains; linseed oilcake or meal; copra oilcake meal; malt sprouts; dried blood; fish meal; tankage, meat and bone tankage, meat meal or meat scrap, meat and bone meal, or meat and bone scrap, n.o.p.; bone meal, bones of all kinds; charcoal, animal including bone char or bone black, either before or after use in clarifying sugar or syrup solutions.

yields in 1942 which coincided with an abnormal expansion of livestock in the United States and a consequent need for that country to admit imports of feed grains on an enormous scale. Stocks of oats in Canada at August 1, 1943, were 146,871,148 bushels, and barley on hand on the same date was 65,922,701 bushels - an unprecedented carry-over almost four times as great in the case of oats as the 14 year pre-war average of 35,893,504 bushels and more than five times the average of 11,770,550 of barley during the same period.

Canadian exports of oats from 1929-39 averaged 9,397,500 bushels per annum, but they reached 85,797,940 bushels in 1944-45 and averaged almost 67,000,000 during the four crop years from 1941-42. Annual averages of barley exported during the pre-war decade were 11,475,364 bushels. Barley exports were high during the three crop years 1941-42, 1942-43 and 1943-44, when they averaged 36,423,000 bushels, but they were negligible in the two years preceding this period as well as in the subsequent years.⁹ More details are shown in the following table:

Table No. 1
Annual exports and carryover in Canada of Oats and Barley during war and pre-war years as compared with period 1929-39.¹⁰

	<u>Oats</u> <u>Exports</u>	<u>Carryover</u>	<u>Barley</u> <u>Exports</u>	<u>Carryover</u>
1929-39 average	9,397,500 bus.	35,003,000	11,475,364	12,003,000
1939-40	23,589,125	46,585,000	10,677,636	11,502,000
1940-41	13,650,517 ¹¹	41,252,000	2,721,886	10,426,000
1941-42	11,861,103	28,607,000	2,057,931	10,821,000
1942-43	63,323,012	146,871,000	33,760,760	65,922,000
1943-44	74,737,335	107,745,000	36,103,102	45,671,000
1944-45	85,797,940	94,749,000	39,406,518	28,253,000
1945-46	43,860,722	78,062,000	4,416,254	29,937,000
1946-47	29,758,771	69,898,000	6,903,036	28,764,000
1947-48	10,202,000	48,341,000	2,679,000	31,449,000
1948-49	23,220,000	60,956,000	21,730,000	29,669,000
1949-50	20,547,000	44,741,000	17,523,000	20,458,000

While export permits were handled by the Canadian Wheat Board, the decisions of the Board as to quantities to be exported were governed by Canadian needs as indicated from time to time by the Agricultural Supplies Board. But the Wartime Prices and Trade Board also was interested in maintaining ample supplies of feed as a prerequisite to the production of adequate food reserves in order to prevent undue pressure on price ceilings.

Diversity of opinion was to be expected concerning the volume of exports of feed grains which could be safely permitted without detrimentally affecting livestock production. In retrospect it cannot be denied that a substantial

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9. About 150 million bushels of wheat was exported at that time to the United States for livestock feeding.
 10. Exports of Canadian Farm Products, War and Post-War Developments, Frank Shefrin, Department of Agriculture, Ottawa.
 11. Includes 1,490,822 bushels Oats Scalpings exported to U.S.A

margin of grain supplies was maintained at times when there was a keen demand for them elsewhere. This was particularly true of barley. But, until the war was won, there seemed to be no need to incur unnecessary risks by unduly reducing feed reserves.

Finding a Basis for Wider Distribution of Feed Grains in Canada - Early in its existence, the Agricultural Supplies Board was confronted with the problem of local scarcities of feed grain. At a Dominion-Provincial conference in Ottawa arranged by the Agricultural Supplies Board in July 1940, the need for several million bushels of feed grain in the eastern provinces was stressed by provincial representatives. This problem was again discussed at the December conference attended by representatives of the provinces and the Dominion.

An estimated feed deficiency of about 50,000,000 bushels due to drought in Eastern Canada was considered at a special meeting in Ottawa on September 10 - 11, 1941, when the Dominion Minister of Agriculture, the officers of the Canadian Federation of Agriculture, and leaders in other farm organizations met with the Agricultural Supplies Board and the Ministers and other representatives of the Colleges and Departments of Agriculture from all Canadian provinces.

Efforts were made at this meeting to reach an agreement with regard to prices for western grown feed grains which would be equally acceptable to the prairie grain growers and to feeders in other parts of Canada. The general position was clear but agreement was not easily obtained. The hog - barley price ratio was examined with a view to finding a solution. For the period from 1913 to 1941, hog and barley prices in Canada bore certain long-term relationships to one another. During these 28 years, 100 pounds of live hog at Winnipeg would - on an average - buy 17.72 bushels of barley in store at Fort William - Port Arthur. If barley prices went higher, less barley was fed to hogs. To get increased production of hogs in 1941, would require about a 20 to 1 ratio: that is, one by which on the above basis, 100 lbs. of live hog would buy 20 bushels of barley. This ratio, at prices for hogs in the autumn of 1941, called for barley at not more than 57 cents per bushel. When 57 cent barley was moved from Lake Terminals to Montreal its cost was increased to 69 cents, and that, at hog prices then prevailing, would give a 16 to 1 ratio; whereas nothing less than an 18 to 1 ratio would encourage hog production in Eastern Canada. When barley prices were high at Fort William, it was difficult to get farmers in the East to pay what it cost after it had been transported, ground, bagged, etc., since about \$30.00 per ton was all Eastern farmers felt they could pay.¹²

At that time Eastern delegates thought that if a price as high as 60 cents were set for barley at Fort William it would be necessary to have a "free freight" arrangement from that point to Eastern destinations. Western delegates could not agree to sponsor prices below 65 cents for barley and 50 cents for oats at Fort William. The Committee, however, agreed unanimously "that the export rate now applying on grain, grain products and feedstuffs be made the basis of tariff for the movement of those products to Canadian seaboard provinces for domestic feed purposes." A proposed free-freight movement on feed grains from Fort William east and from Calgary west without any proviso for tying in with it the prices of feed grains also received consideration and was subsequently authorized by the Canadian

12. The hog - barley ratio, basis live hogs, varied from 37.3 when grain prices were greatly depressed in 1930 to a low of 13.8 in 1915-16 when prices were disturbed by war and to 13.2 in 1927-28. The five year average of 20.9 during the Second World War, when grain was abundant and export sales of grain were restricted, brought the greatest production of hogs in Canada's history.

Government and proved of great importance in increasing animal producing during the war.

Freight Assistance to Livestock Feeders - One of the major forms of aid to livestock feeders in wartime was provided through freight assistance in moving hundreds of millions of bushels of grain and several millions of tons of grain screenings and millfeeds to livestock feeders in Ontario, Quebec, the Maritime Provinces and British Columbia.

This policy of freight assistance was modified from time to time after it was formulated early in 1941. Order in Council P.C. 497 authorized payment of a refund to Provincial Governments, of one half of the regular freight charges from Fort William - Port Arthur to destinations in the five Eastern Provinces on Western grains moved East in carload lots before July 15, 1941, and used exclusively for livestock feeding. This was conditional on the Government of the Province of destination becoming responsible for the balance of the freight and for seeing that such grains were used exclusively as livestock feed and sold to farmers at prices which did not include freight charges.

On September 25, 1941, provision was made for the payment by the Canadian Government of one third of the regular freight charges on Western feeds¹³ from Fort William - Port Arthur to destinations in provinces east of Manitoba. This arrangement was designed to reduce transportation charges on these products to approximately the cost of moving export grain to seaboard; and it now applied to a much wider range of feedstuffs including Western grains, millfeeds, screening, etc., from Fort William - Port Arthur and Armstrong, Ontario, when brought down in carload lots or steamship cargoes and distributed for use exclusively for feeding in Eastern Canada before July 1, 1942.

To provide for greater production of livestock and as a step in the correlation of its price ceiling plan with certain measures of assistance offered to farmers in other parts of Canada the Government subsequently authorized the payment of all freight charges in the Eastward movement of these feed grains and millfeeds.¹⁴ Thus, freight assistance was made available to all who moved the authorized feed materials East in compliance with the Regulations, the aim being to lower, by the extent of the freight assistance, the cost of Western "feeds" to Eastern farmers whether bought direct from the Lakehead or by the bag from local dealers.

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13. P.C. 7523, September 25, 1941. It also covered millfeeds produced in Eastern Canada from Western wheat shipped after September 30, 1941.
14. P.C. 8067, October 20, 1941, authorized the Canadian Government to pay all of the cost of such shipments, and P.C. 8396, November 4, 1941 and P.C. 428, January 20, 1942, removed some technical difficulties affecting the administration of this policy. See Wheat Acreage Reduction, Prairie Farm Assistance and Prairie Farm Income. "Feeds" included carload lots or steamship cargoes of Western grains, whole or ground, wheat bran, wheat shorts, wheat middlings, No. 1 and 2 wheat screenings and millfeeds produced in Eastern Canada from Western wheat. This was later amended to include Western wheat, oats, barley and rye, whole or ground.

British Columbia was not included in the earliest of these arrangements for freight, as it was then thought that local feed supplies would be sufficient for their immediate needs. However, a smaller harvest, as a result of unfavourable weather, necessitated an extension of the Government's Freight Assistance Policy to cover the movement of feed from the Prairies to British Columbia destinations. Two measures of assistance were provided. After representations were made by the Agricultural Supplies Board, the railways agreed to extend the advantages of C. F. A. Tariff No. 145 (intermediate between the domestic rate and the export rate) to certain western feed materials not already included in its provisions. As from November 18, 1941, the Canadian Government undertook to pay freight charges¹⁵ on specified feed materials from Calgary, Edmonton and other Alberta points having the same freight rate, to destinations in British Columbia, if distributed for use exclusively as feed in British Columbia before July 1, 1942, provided that wherever applicable the rates shown in Canadian Freight Association Tariff No. 145 would be used. Provision was also made for the application of this freight assistance to feed materials in store at the time the Order was passed, with certain provisos concerning the origin of supplies and the period when such feeds were moved into British Columbia.

The freight assistance policy was authorized to June 30, 1942, but there were convincing reasons for its continuance beyond that date. By 1942, farm prices for hogs, dairy products and poultry products were rather firmly established within fairly narrow limits. The policies of the Wartime Prices and Trade Board established wholesale and retail price spreads, while existing contracts with the United Kingdom for bacon, cheese, eggs, etc., provided a market for surpluses of these products and thus effectively prevented serious declines in domestic prices. It was rather obvious, therefore, that to terminate Dominion freight assistance on the transportation of feeds to destinations in Eastern Canada and British Columbia would cause an increase in costs in those areas of all feeds and grains covered by the freight assistance policies to the extent at least of the freight assistance allowed. Minimum prices of oats and barley had been established, a higher price for wheat deliveries during the crop year 1942-43 had been authorized, and it was expected that the prices of feeds in general instead of declining to the advantage of the feeder, would remain at or near the authorized price ceilings while the war continued. Under these circumstances there appeared to be sound reasons for continuing the freight assistance policy rather than to allow domestic food prices to advance as much as would have been necessary to absorb the increased cost of freight on livestock feeds. The Government, accordingly, renewed the freight assistance policy, which was subsequently continued from year to year into the post-war period.¹⁶

Emergency Reserve Feed Stocks - There were obvious difficulties to be overcome if the Government Freight Assistance Policy with respect to feed grains was to be administered successfully. Lack of forward buying of feed grain by those in need of it endangered the livestock production program. Experience had shown the uncertainty attached to the movement of grain from the Head of the Lakes in winter weather. It seemed clear that some one must assume responsibility for moving grain supplies to storage position in the East in advance of its need. Plans were, therefore, devised to encourage dealers and feeders to acquire feed supplies in advance of need in order to avoid disappointment and arrangements were also made to provide reserve stocks at strategic points to meet emergencies.

15. P.C. 8989, November 18, 1941.

16. P.C. 4781, June 5, 1942.

In 1943 an arrangement known as Plan A was authorized, whereby the Canadian Government paid the carrying costs¹⁷ and other incidental charges on feed grains stored at central points in Eastern Canada and also directed the distribution of these grains. This plan was originally devised to avoid the troubles arising from delayed movement of grain in winter months by storing Western grains in Eastern elevators to be released when current shipments were insufficient to meet requirements. Storage points included Quebec City, Montreal, Prescott, Kingston, Toronto, Port Colborne, Sarnia, Goderich, Owen Sound, Collingwood, Midland (Tiffin) and Port McNichol. Later arrangements provided for reserve stocks to be held at Fort William - Port Arthur. These storage arrangements in Eastern Canada were continued until March, 1947, when stocks on hand were cleared in anticipation of price changes.

In 1945 the grain storage plan was enlarged to include the Prairie Provinces and British Columbia, and grains were then stored at Edmonton, Calgary, Moose Jaw and Saskatoon. Poor crops in prairie regions made these arrangements a necessity during a period of short supply.

Plan B was introduced¹⁸ during the summer of 1943 as another inducement for early shipment of larger quantities of Western feed grain to Eastern Canada during the period from July to December of that year. The objective was to get as much feed grain as possible moved East during the more favourable shipping months and thus lessen the pressure on railway companies during the winter months. A subsidy of 3 cents to $\frac{1}{2}$ cent per bushel was authorized for this purpose. Three cents was allowed for shipments made in July and a reduction of one half cent per month reduced the subsidy for later shipments by $\frac{1}{2}$ cent per month. This policy was operative only in 1943.

Special Provision to Secure Feed Wheat for Eastern Canada.— Grain shipping from Pacific Coast ports was stopped during the war with the result that the entire movement of Western grains for export was Eastward. When Pacific ports were again opened for the export of grain, carload shipment from Alberta and Western Saskatchewan to these Pacific ports was resumed because of the more favourable rates to those points as compared with Fort William - Port Arthur. Feed wheat was always in demand and supplies were sometimes scarce. To meet domestic needs, all exports of "feed" grade were prohibited. To protect the interests of farmers of Alberta and Western Saskatchewan when the feed wheat they sold was moved "out of line" to the East it became necessary for the Canadian Government to pay the freight differential between Vancouver and Fort William¹⁹ if it was not to be charged by the Canadian Wheat Board to the growers of such grain and deducted from their final settlements.

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17. "Carrying charges" include handling and storage charges and interest. See P.C. 1/5552, July 12, 1943.
 18. P.C. 1/5552, July 12, 1943, and P.C. 1/6567, August 18, 1943.
 19. Shipping costs to these respective destinations are approximately equal from points such as Battleford, Kindersley and Maple Creek.

Millfeeds and Millfeed Prices - Drought conditions in Eastern Ontario and Western Quebec in 1941 caused the depletion of pastures and brought about an increased demand for millfeeds until growing crops of grain became available for feeding. The Agricultural Supplies Board was asked in July by farmers representatives to assist them in obtaining larger supplies of millfeeds. With this end in view the Board, with the Wartime Prices and Trade Board, interviewed representatives of the Millers' Association.²⁰

Before the war Canadian millers sold about thirty percent of their millfeeds in the United States. Prices were increasing in 1941 and so was the demand. Prices in the New England states were about \$8.50 per ton above the Montreal prices when these negotiations were begun, and there was a premium of about ten percent on American funds. These conditions made the United States market particularly attractive to the millers.

By negotiation, however, it was agreed that millfeeds which were then bringing about \$28 per ton for bran, \$29 for shorts and \$32 for middlings - less 50 cents per ton to jobbers for carload lots in Montreal would be offered for sale in Eastern Canada at a reduction of \$3 per ton from these figures and that exports during the ensuing six weeks should be progressively diminished and brought under government control by the use of shipping permits.

Feed grains were also advancing in price at the time of these negotiations and, at the end of August, 1941, the cheapest ground oats was selling in Montreal at \$9.50 per ton more than bran and shorts.

An examination of price relationships between oats and barley at Winnipeg and the wholesale price of shorts at Toronto showed that for a period of years shorts sold for about \$26.40 per ton when these grains averaged 1.1 cents per pound for 3 C.W. Barley and 3 C.W. Oats, basis Fort William - Port Arthur. The prices at Montreal on July 27, 1941, closely conformed to that relationship.²¹ During the ensuing months feed grains advanced several cents per bushel until they reached the ceiling prices of 51½ cents for oats and 64¾ cents for barley, in store, Fort William - Port Arthur; and, as the price spreads between the lower and the higher grades narrowed and finally disappeared, the cost of feed correspondingly increased. The Maximum Price Regulations of the Wartime Prices and Trade Board of December 1, 1941, maintained this disparity and an unprecedented demand for millfeeds in Canada ensued throughout the war years. These unbalanced price relationships may, indeed, have caused the use of millfeeds in animal rations in greater proportions than good feeding practices warranted.

To meet the needs of Eastern dairy farmers during the drought of 1941 it was thought by some that the export of millfeeds from Canada should be prohibited. That, however, presented some difficulties. Pre-war demand for millfeeds in Canada was considerably less than the output. Canadian flour millers ordinarily engaged in the export trade had been accustomed to sell part of their millfeeds outside of

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20. The Agricultural Supplies Board maintained close supervision of feed conditions in the dairying districts of Eastern Canada during the critical period in 1941 and had a representative in the field for some months to interview farmers, feed dealers and provincial governments in order to ascertain how well the needs of livestock producers were being served.
21. From a study by Ian S. McArthur for the Agricultural Supplies Board. Closing cash prices for July, 1941, averaged 32.1 cents per bushel for 2 C.W. Oats and 52.4 cents for No. 1 Feed Barley.

Canada and at that time had firm contracts to supply millfeeds to such customers. It was, therefore, recognized that these commitments should be honoured and it was agreed that export shipments should be permitted on a restricted scale until outstanding contracts were completed.

After August 24, 1941, exports of millfeeds from Canada were allowed only to the following extent: (1) As a matter of Empire policy, export permits were granted for livestock feeds needed in Newfoundland, Iceland, The British West Indies and in Hong Kong before that colony came under Japanese control - these countries being dependent upon Canada for feed supplies; (2) Over a three month period, Canadian millers were allowed to export sufficient millfeeds to complete bona fide contracts previously made with American buyers; (3) In order that Canadian mills might more successfully compete for flour orders with American companies which mill Canadian wheat in bond they were allowed until March 1, 1946, to export the millfeeds derived from the milling of flour sold to Newfoundland and other non-sterling countries in the Western hemisphere; (4) To meet the competition of subsidized feeds made from Western grain, millers of Ontario wheat were allowed to export milling offals to the equivalent of one half of the millfeeds so obtained.

Flour milling in Canada²² during the war exceeded all previous records, reaching an average of almost one hundred million bushels of wheat per annum during the five crop years from and including 1939. That was an increase of about fifty per cent over the average of the previous seven years. Millfeeds produced in 1946-47 amounted to 972,535 tons of which almost 96 per cent was consumed in Canada. During the five years prior to 1939 only 70 per cent of the average annual production of millfeeds was consumed domestically.²³ During the war years there was a keen domestic demand which would have absorbed the entire output of the mills.

Protein Feed Supplements - Scarcities of protein feeds of both animal and vegetable origin were continuous during the war. In the immediate pre-war years, about 1,400 tons of veterinary oils were used annually in Canada by poultrymen, and of this quantity about 1,200 tons were used in mixed feeds. During the fiscal year 1938-39 Canada imported approximately 1,300 tons of cod liver oil. Eighteen per cent of this came from the United States and the remainder from the United Kingdom, Norway and Newfoundland. War conditions reduced the supplies obtainable from these sources and left Canada largely dependent upon supplies of cod liver oil from the Atlantic coast region and fish body oils - pilchard, herring and salmon - obtained on the Pacific coast. In order to conserve our own production of cod liver oil for the Canadian market, an export license became a requirement in 1940 for the export of fish oil and fish liver oils from Canada. A vitamin D assay laboratory was established at Ottawa by the Canadian Department of Agriculture in that year in order to assist in maintaining proper standards of Vitamin D potency in fish oils.

Protein Supply Shortage - Sufficient supplies of vegetable proteins were available to meet demand up to the end of 1941, though action was taken as required to modify feed formulae in order to restrict the use of scarce ingredients with a view to equitable distribution and to adjust feeding practice, so as to utilize the proteins available in Canada and obviate importing extensively. During that year a substantial quantity of fishmeal was moved to Eastern Canada from the Pacific Coast in order to supplement supplies from Atlantic sources.

22. Grain Trade of Canada, King's Printer, Ottawa, 1948, P. 103

23. Production and prices of millfeeds are shown in an Appendix.

By 1942 there was a severe shortage of both animal and vegetable protein feeds due to the rapidity with which requirements expanded rather than to a decrease in supplies; and efforts were made to purchase materials from abroad through the Commodity Prices Stabilization Corporation.²⁴ This was not always possible, for producing countries were using most of their own supplies.

Early in 1943 arrangements were made to pay a subsidy of \$3.00 a ton to Canadian processors of alfalfa meal as one method of relieving the demand for protein. Cottonseed meal was imported from Brazil and Haiti. Vegetable proteins became somewhat more plentiful because of increased oil seed crushing capacity in Canada and an arrangement whereby the United States made available approximately 2,000 tons of soyabean meal monthly. The early part of 1944 brought increased slaughterings of livestock, which eased the shortage of meat by-products, and an excellent fishing season off the British Columbia coast amplified the supply of fish-meal.

The shortage of proteins continued in 1944 and 1945 and allocation of the limited supplies was continued by the Feeds Administrator in order to maintain reasonably equitable distribution. Vegetable protein production increased during this period, but supplies of animal protein declined due to smaller kills in Canadian abattoirs and to greater processing as edible meats for UNRRA, of certain protein byproducts of the meat packing industry which were formerly used in animal feeds. The production of fishmeal in British Columbia was below normal during these two years, and it was not possible to import proteins. Restrictive orders on the use of proteins were necessary throughout this period in order to assure equitable use of the available supplies.

Proteins remained scarce throughout 1946, and importation of such items as peanuts and soybean helped to augment supply. A restrictive order had to be issued early in the spring months to conserve supplies. The scarcity was further accentuated and aggravated by the extremely small pilchard catch on the Pacific Coast.²⁵ The Administration worked closely with the Oils and Fats Administrator in arranging for the utilization of meal obtained from imported oil bearing seeds.

The estimated supply of vegetable proteins rose from 209,250 tons in 1943 to 263,300 tons in 1946 while the supply of animal proteins amounted to 80,667 tons in 1943 and 78,961 tons in 1946. Larger numbers of livestock killed in 1944 increased the supply of animal proteins in that year to 89,909 tons.

Protein Prices favored Canadian Feeders - Protein feed materials bore a favorable price relationship to prices of animal products during the war years and until certain commodities were decontrolled on September 15, 1947. This encouraged a greater use of protein-rich feeds, and many farmers became users of them for the first time while experienced feeders bought them in greater volume. Prairie farmers who had been accustomed to the feeding of their own grains without supplements learned the value of mixed feeds and patronized feed mills of which there was a substantial development in the Prairie provinces during the war. It was possible for prairie farmers to receive the Advance Equalization payment by selling their grain to a feed mixing station and buying a mixed feed already prepared. It is believed

24. A subsidiary of the Wartime Prices and Trade Board.

25. Fishmeal production in Canada averaged 30,774 tons for the 6 years 1943-48 inclusive, and varied from 23,169 tons in 1946 to 42,841 tons in 1948.

that an improvement in livestock feeding occurred during the war and it is expected that permanent benefits may be expected from these experiences.

In the procurement of additional supplies of protein materials to sell within established price ceilings, a valuable service was rendered by the Commodity Prices Stabilization Corporation. At the request of the Feeds Administrator and with the help of the Commodity Credit Corporation at Washington, the C. P. S. C. was able to procure from foreign sources 9,920 tons of cottonseed meal, 21 tons of herring meal, 178 tons of whale meal and 1,680 tons of Curacao rock phosphate. They also obtained other shipments of protein from the United States.

The Commodity Prices Stabilization Corporation was active in association with the Oils and Fats Administration in the importation of oil-bearing seeds, such as, peanuts, soyabeans, copra and palm kernels the by-products of which augmented the supply of feed proteins. Importation of oil-bearing seeds were made for the primary purpose of meeting Canadian needs of edible and industrial oils, and they were discontinued when these requirements had been met. But they also provided a welcome addition to the supply of protein rich feeds. These importations of protein feeds and oil seeds for processing involved the expenditure of several million dollars in subsidies and other forms of assistance, some of which may be regarded as subsidies to feeders.

Continuation of Canadian price controls on feed ingredients after similar controls had been removed in the United States, enabled Canadian feeders for a longer time to obtain these scarce materials at lower prices than then prevailed in the United States. Soyabean oil meal was \$52.00 per ton f.o.b. Toronto from 1943 to July, 1947, while U.S. prices rose to \$97.00 in July, 1946, and were substantially higher than Canadian prices from May of that year. Similar differences occurred with respect to peanut oilmeal, linseed meal and meat scraps. The latter was priced in Canada at \$54.00 per ton for 50% protein, carlots, bagged, f.o.b. point of shipment while Chicago prices, from May, 1946, advanced from 50 to 100 per cent over that figure.

Other Assistance to Feeders - In order to maintain volume of food production without disturbing price ceilings on animal products²⁶ the payment of subsidies or "drawbacks" to farmers on a number of commodities became necessary as the cost of labour and other services and commodities increased. Freight assistance in the movement of grains used in livestock feeding was one form of subsidy. Another was the absorption of some part of the cost of feed grains by the Government. A valuable privilege to feeders, although not strictly a subsidy, was the "freezing" of millfeeds prices at a low level. Prices of millfeeds, as indicated under that heading, were by agreement sold at reduced prices in July and August, 1941. Price freezing did not occur until December when overall price controls were introduced. Millfeeds being largely reserved for domestic use thus were kept at low price levels during the war and for some time after the war ended. Although the special price on millfeeds was not related originally to wheat prices they did correspond fairly closely with the low net prices at which wheat milled in Canada for domestic use was bought by Canadian millers during the war years and for some time thereafter.²⁷

26. For subsidies on dairy products see Chapter 13.

27. From 1943 the Canadian Federation of Agriculture asked that the price of wheat milled for domestic consumption be the equivalent of prices paid by the United Kingdom for Canadian wheat; but this was not done until July 31, 1948, and a drawback of 45 cents per bushel was granted a few days later to prevent a rise in the price of flour and bread. This subsidy was withdrawn on March 31, 1949.

This arrangement of millfeeds prices, which favoured livestock producers and dairy-men, was continued until September 15, 1947, when ceilings on prices of wheat products were removed. (P.C. 3922). The price of millfeeds was closely related to the payment of drawbacks to millers on their purchases of wheat and was affected by the freight assistance policy of the Government, but it is not possible to state exactly the cash value of these benefits to users of millfeeds.²⁸

Grain "Drawbacks" - When open market wheat prices had advanced during the crop year 1941-42 in excess of the Wheat Board's statutory initial payment of 70 cents per bushel basis No. 1 Northern in store, Fort William - Port Arthur, the initial price of wheat to apply to the 1942 crop was increased from 70 cents to 90 cents per bushel. So that feeders' costs would be restored to about their previous level, a drawback of eight cents per bushel was authorized to be paid on Western wheat purchased for feed use in Canada on or after August 1, 1942. A further increase in the initial price of wheat to \$1.25 per bushel was announced on September 27, 1943 - (which also was until February 17, 1947, a ceiling price) and on November 15, 1943, the drawback was increased to 25 cents per bushel but was then payable only on No. 4 wheat and other grades of equal or lower value. This feed wheat payment policy was amended on March 17, 1947, to include payments of 10 cents per bushel on oats and 25 cents per bushel on barley and was then renamed the "Feed Grains Payment Policy". That policy was discontinued on October 21, 1947.

Fertilizer Subventions - When this policy which is described elsewhere was introduced in 1942 it was designed to increase the production of forage crops, but the policy was amended and enlarged in later years to apply to fertilizers used on other crops as well as pasture.

Alfalfa Meal Subsidy - In order to encourage the manufacture of alfalfa meal when other protein-rich feeds were scarce, a subsidy of \$3.00 per ton was paid from February, 1943, to May, 1944, to alfalfa meal processors on all alfalfa meal produced in Canada and sold as feed or as part of a feed mixture.

28. The quantity of millfeeds available for use in Canada from August 1, 1941, to July 31, 1946, was 4,652,202 tons, worth more than \$125,000,000.00 at the low prices then prevailing.

"In the summer of 1941, by virtue of an informal arrangement between the Wartime Prices and Trade Board and the milling industry the price of millfeeds was fixed to avoid price increases which might otherwise have been made. This arrangement was terminated at the end of August in that year and prices were then subject to freedom of movement until the introduction of government price control in December, 1941.With the institution of government price control the ceiling prices were the maximum prices established in the basic period. However, for a time prices still continued to fluctuate below the ceiling.... the last notice being on April 11, 1942, at which time the f.o.b. prices were at the ceiling". (Extract from "Flour Milling Industry". Report of Commissioner Combines Investigation Act, December 29, 1948. Kings' Printer, Ottawa. Page 65.)

When decontrol of millfeeds occurred on September 15, 1947, the price was advanced by a net amount of \$10.00 per ton and further increases of \$12.00 to \$14.00 per ton were made between that date and the end of 1948. Administrators Order A-651, March 22, 1943, established maximum prices for millfeeds throughout Canada.

Beet Pulp Subsidy - Because of a decline in dried beet pulp production in Ontario while there was a surplus in Manitoba which would ordinarily have been exported to the United States, the Canadian Department of Agriculture on the recommendation of the Agricultural Supplies Board paid \$5.00 per ton subsidy on all pulp from the 1943 crop shipped to the East from Manitoba for livestock feed, this sum being equal to the all-rail freight rate from Fort William to Montreal freight rate points. A subsidy at the rate of \$3.00 per ton was also paid on beet pulp shipped to British Columbia for livestock feeding during the winter of 1943-44 when hay supplies were scarce.

Subsidies and Assistance to Livestock Feeders, War and Pre-war - The following shows the most important of the subsidies and subventions paid in connection with the production, transportation and storage of feed grains and feed-stuffs from inception of the policy to March 31, 1950:²⁹

Freight on feeds and feeds ingredients	\$ 138,587,741.86
Feed grain policy - drawback payments	45,537,626.28
Deficit on Advance Equalization Payments ³⁰	
Oats	1,664,999.00
Barley	23,150,011.00
Freight on feed wheat, out-of-line haul	1,119,020.29
Grain Storage Plan A	3,472,296.90
Plan B	1,331,730.65
Alfalfa grinding subsidy	97,496.46
Freight on sugar beet pulp	25,828.50
Freight assistance and subventions on fertilizers ³¹	3,594,000.00
Assistance in the importation of oilseeds and protein feed materials ³²	3,707,367.95

Summary - In retrospect it can be clearly seen that Feeds Administration was a big job. The procurement of scarce supplies and their equitable and efficient distribution was possible only through the close cooperation of many trades and services. Through the Feed Committee of the Combined Food Board formed in 1944 (representing the United States, the United Kingdom and Canada), Canada was able to obtain additional supplies of available proteins, including urea, soyabean oil meal, etc. The Commodity Prices Stabilization Corporation assisted financially with such transactions by procurement of supplies and in the payment of subsidies to permit their distribution through commercial channels and within the range of authorized prices.

The effort made before the war to provide feed grains from Prairie farms for use by feeders in Eastern Canada and British Columbia led to the use, annually, during the war, of more than one hundred million bushels of prairie grains and several hundred thousand tons of millfeeds. In the movement of such enormous quantities of feed grains and milling by-products, transportation agencies did a magnificent job; but their facilities were sometimes unequal to the task, and, when hampered by the handicaps of winter, they sometimes failed to move feed grains promptly enough to meet Eastern needs. Occasional scarcities and the uncertainty of delivery may have prevented the maximum use of hog and poultry producing facilities in grain deficient areas.

29. The benefits derived from the purchase of millfeeds at very low prices is not included here.

30. Mainly for livestock feeding but includes human consumption.

31. Includes materials used on crops as well as pastures.

32. Includes edible oils as well as feedstuffs.

The insatiable wartime demand for millfeeds presented a temptation to millers to increase flour sales in Canada. Each mill was interested in retaining or increasing its share of domestic flour business while pushing export sales. It is not surprising, therefore, that purchaser of scarce millfeeds, in order to get prompt delivery, would be persuaded to buy flour in excess of their needs, and that farmers should eventually buy and feed flour to their animals if that seemed to be the best way to get millfeeds.

When the Canadian Federation of Agriculture met the Government in March, 1946, the Brief which they presented made the following reference to this matter:

"Our Federation recently has experienced a strong revival of complaints from farmers in Eastern Canada that both farmers and feed dealers are being compelled to accept undue supplies of flour conditional upon the supplying of millfeeds. ----- Farmers have consequently frequently found themselves in the position of having to feed flour to livestock, and it is scarcely necessary for us to emphasize here the seriousness of such a situation in the face of the impelling need for bread flour in many countries of the world today. We submit this situation for your earnest consideration, as a long-standing problem believing that only direct action by the Government can be effective, probably by commandeering for export all surplus stocks of flour."

Although the Wartime Prices and Trade Board had issued Order #540 on August 8, 1945, for the purpose of restricting sales of Patent flour in Canada to a proportion of sales made during an earlier period, these representations of the Federation some months later indicated that the objectionable practice had not been completely stopped.

Under price ceilings a slight disparity existed between barley and oats. When barley was scarce, this price disparity, though small, was sufficient to induce buyers to accept conditional sales of oats with barley, or to buy ground grains with supplies of whole grains. It may be surmised that ground grains so supplied were less attractive when offered as whole grain, - perhaps because of dockage, mixtures or other defects. When wheat prices advanced on February 17, 1947, wheat became the most expensive grain for feed, and the preference for barley and oats increased. These, however, were minor complaints, as all of such feed was usable and was normally available when it could be transported to places where it was required.

After some years of price stability and a fair measure of parity in agriculture, the abrupt advance in the price of feed grains which occurred in 1947 with the removal of price controls was rather disturbing to livestock producers. These conditions were responsible for a reaction in Ontario against too great dependence upon imported feeds; and crop acreage and production expanded in that province in 1948.

It is interesting to contemplate the probable trend of domestic trade in home-grown grains in post-war years. Under war conditions there was no satisfactory alternative. The sale of Western grains in other parts of Canada was important to the economy of this country during the war and it seems likely that a market of this size may be valuable to Western grain growers in days of peace.

Since the use of imported corn may be expected to continue when costs are favourable, it would appear that transportation costs may again be the most influential factor in the future demand for Western grown grains in other highly important agricultural regions of Canada. The cancellation of all freight assistance on grain movements to Eastern Canada and British Columbia would conduce to the importation of foreign grains whenever such trade can be satisfactorily resumed.³³

33. Corn imports to Canada between 1935 and 1939 were from 50 to 60 percent of the 18.5 million bushels formerly used in Canada yearly. About one half of this was used for feed. ... The Economic Annalist, December, 1949.

Chapter 10

WOOL AND WOOL ADMINISTRATION¹

The story is told in the chapter on Wartime Production and Marketing of Livestock of sheep production during the Second World War but it is desirable to record here the facts relating to wool handling; although the Wartime Prices and Trade Board also had important responsibilities with wool, as with other agricultural products.

Canadian production of raw wool falls far short of domestic requirements and necessitates imports of wool from other countries. The average annual importation during 1935-39 was 52,821,000 pounds, "in the grease". During the years 1940-46, annual average importations amounted to 87,181,000 pounds. The year of heaviest importation was 1942 when 114,428,000 pounds were purchased from abroad. During the seven year period 1940-46, wool in the grease represented 33 per cent of the total unfinished wool imported while wool washed and scoured amounted to 32 per cent. The chief sources of Canadian imports of wool are New Zealand, Australia, British South Africa and the United Kingdom.

Exports of unfinished wool from Canada go almost entirely to the United States. Since 1940, and to the end of 1946, Canadian exports of wool averaged 7,000,000 pounds per annum, of which 57 per cent was wool in the grease.

Wool used in Canada during and since the war was substantially more than 60,243,000 pounds per annum which was the average used during the years 1935-39. The heaviest use was in 1942 when 130,521,000 pounds of wool were absorbed in meeting domestic requirements.

It has been noted elsewhere that an effort was made to increase the number of sheep on Canadian farms and ranches when Japanese military successes in the early stages of the war threatened to cut off Australian and New Zealand wool supplies from the North American market. At that time the Government of the United Kingdom had contracted for large quantities of wool in the British Commonwealth and in other countries where this was possible. Because of Canada's great dependence upon imported wool for normal requirements and because of the increased needs for military purposes, it was obviously of the greatest importance that ample stocks of wool should be assured. The first wartime governmental action with respect to wool was the appointment of a Wool Administrator on September 25, 1939.² The Wool Administrator was an executive officer of the Wartime Prices and Trade Board but his wide range of duties were also of considerable interest and importance to Canadian farmers.

While the over-all control of wool for Canadian requirements was entrusted to the Wool Administrator, military requirements of raw wool were cared for by

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1. An article in THE ECONOMIC ANNALIST, Vol. XVII, No. 4, "Wool: Wartime Program" by B. G. Good has been extensively quoted in this Chapter.
 2. P.C. 2734, September 23, 1939; Wool Administrator was David C. Dick, Cobourg, Ontario. His powers were similar to those of other Administrators and related to the purchase, distribution and use in Canada and the export and import of domestic and foreign wool.

Melbourne Merchandizing Limited, a subsidiary of the Department of Munitions and Supply. The only function of this Company was to supply wool for military requirements. Contracts awarded by the Department of Munitions and Supply contained a clause which specified that 75 per cent of the wool requirements of the contract had to be acquired through Melbourne Merchandizing.

The Canadian Wool Board - Another agency, the Canadian Wool Board Limited, was deemed expedient in the national interest, not only to regulate the acquisition, conservation and distribution of domestic and foreign wool, but also to encourage increased production of wool in Canada.³ On the advice of the Wool Administrator, the Wool Board was established, under the Wartime Prices and Trade Board, to enhance further the Administrator's control of the marketing of raw wool in Canada. The Wool Board's decision to purchase the entire Canadian clip for the duration of the war and one year thereafter assured the sheep and wool producers a stable market at known prices for all of their wool production.

The Wool Board, with the concurrence of the Wartime Prices and Trade Board, was given authority to set prices at which Canadian wools could be bought and sold. The object was to establish prices which would assure the producer a reasonable return for his clip, commensurate with its quality. These prices were governed by the ceiling prices for similar grades and classifications which were in effect during the basic period, September 15 to October 11, 1941, when ceiling prices were established. The prices proved to be the same or slightly better than the full landed costs of similar types of wool imported into Canada.

Under the Wool Board, persons engaged in the collection of fleece wool operated under licence of the Board. All wool procured by them passed through registered warehouses with personnel qualified to grade wools in accordance with the wool grading regulations. Settlement to the growers was made direct from registered warehouses where the wools were graded. These graded wools were taken over from the registered warehouses by the Wool Board at the prices paid to growers, plus a uniform commission rate which covered the cost of collecting, grading and handling the wool. The charter of the Wool Board was surrendered on December 31, 1946, after which its operations ceased.

Wool Prices - Wool prices increased considerably during the war period as compared with the depression years but were still only approximately half of the maximum prices paid in the First World War. The average price of Canadian raw wool at the farm during the years 1935-39 was about 13½ cents per pound. This had increased at the end of the 1941 season to 22.1 cents per pound. After the advance to 22½ cents in 1942, the average price during the following four years to the end of 1946 remained stabilized at approximately 27 cents per pound.

Wool Bonus - Authority was granted under the War Measures Act for the Agricultural Supplies Board to arrange for payment of a bonus on all individual clips which were carefully prepared for market at time of shearing.⁴ The purpose of

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3. P.C. 1835, March 10, 1942, Order in Council authorizing the incorporation of the Canadian Wool Board, Limited, stated that "due to the potential endangering of the supply of wool for Canadian requirements, it is deemed to be in the national interest to regulate the acquisition, conservation and distribution of domestic and foreign wool and related products and to increase the production of wool in Canada by assuring to sheep growers a stable market at known prices for all production of wool during the present war and one producing year thereafter."
 4. P.C. 1/2519, March 29, 1943. This authority was renewed to cover 1944, 1945 and 1946 clips.

the bonus was to bring about greater care in the production, shearing and handling of fleeces. A bonus of 4 cents per pound was payable to producers who supplied wool in accordance with the regulations issued by the Canadian Department of Agriculture. Half of this bonus was paid by the Provincial Governments concerned and the remainder by the Canadian Government. This bonus not only encouraged the proper handling of wool but it thereby increased the price of wool to the producer.

The cost of the bonus plan to the Canadian Government was \$508,000. The contribution of the Provincial Governments brought the bonus payments to a total of \$1,016,000.

Government Wool Grading Regulations - The administrative machinery for grading wool was already in existence under the provisions of the Live Stock and Live Stock Products Act, 1931. Under date of January 1, 1941, Government regulations respecting the Grading of Canadian Unwashed Fleece Wool were inaugurated. Established warehouses, located at convenient points, were authorized to handle and grade all farm and ranch clips. All warehouses were required to be registered with the Department of Agriculture and a wool grading certificate was to be issued for each lot of the producer's wool. The identity of each clip was required to be retained, payment to the grower being based on the net received weight of the purchased grades. (These regulations applied to all wool marketed in Canada with the exception of wool utilized by the producer for his own domestic use.)

To comply with Canadian Wool Board purchase requirements, grading regulations throughout the war years have become a measure of prime importance to the producers. Between 1941 and 1946 inclusive, approximately 57.6 million pounds, an average of nine and one-half million pounds per year, have been graded under the supervision of Government Wool Inspectors.

Wool production in Canada during the Second World War increased from a pre-war average of 16 million pounds to more than 19 million pounds in 1944, 1945 and 1946 as the following table shows:

Table No. 1. CANADIAN WOOL PRODUCTION

(Greasy basis)

	Average 1935-39	1940	1941	1942	1943	1944	1945	1946.	1947	1948	1949	1950
('000 lbs.)												
Shorn	12,243	11,549	11,630	12,867	13,929	15,128	14,513	11,457	10,176	8,423	7,759	7,902
Pulled	3,778	3,346	3,624	3,610	3,889	4,151	5,113	5,290	3,914	3,492	2,076	1,332
Total												
Production	16,021	14,895	15,254	16,477	17,818	19,279	19,626	16,747	14,090	11,915	9,835	9,234

A decline in sheep production, and therefore in wool production, occurred after the surrender of Germany and Japan. The sheep producers were dissatisfied with the price levels for wool and with the controls on prices of lamb. They doubtless had in mind, too, the accumulated stocks of wool and feared the effect on wool prices when surplus war stocks would be offered for sale. Losses from predatory animals also continued to discourage sheep production.

Reports of the Wartime Prices and Trade Board indicate that the Wool Board had a net deficit from its operations of \$1,584,509.03 and that subsidies on imported wool "hair of camel, goat or like animal" amounted to \$4,576,443.01, and that subsidies on domestic goods - wool, (raw), yarns and fabrics, "worsted" - amounted to \$347,034.53. These figures, of course, indicate the extent to which woollen products were subsidized directly and indirectly through Government action. It would appear, however, that greater success would have attended the Government's program of increased sheep production if the returns from wool had been made more attractive to producers.

Chapter 11

WARTIME PRODUCTION AND MARKETING OF LIVESTOCK

Livestock production, surpassing all previous records, was achieved in Canada during the Second World War. Increase in swine production was most spectacular, reaching a peak in 1943 which was 206.9 per cent of the average for 1935-39.¹ A similar comparison of cattle numbers showed a percentage of 105.8 for milk cows in 1945 and 137 per cent for cattle other than milk cows. The peak in numbers of sheep and lambs was reached in 1944, which was 120.9 per cent of the 1935-39 average. Least variable during this period was the number of dairy cattle, which reflected only minor changes. Greatest fluctuations in the numbers of hogs and beef cattle occurred in the Prairie Provinces, where there was also an important wartime increase in the number of sheep and lambs.

An interesting comparison with the numbers of livestock on farms as at June 1 in each year is afforded through the marketings of livestock, which includes sales through stockyards, direct shipments to packing plants and direct export. This study of marketing shows an increase in 1940-44 over 1935-39 of 10 per cent for cattle, 2 per cent for calves, 92 per cent for hogs and 11 per cent for sheep and lambs. Based on hogs slaughtered in inspected establishments, the period 1940-45 inclusive showed a gain of 99% over the previous five years, followed, however, by a marked decline. The peak of hog marketings in 1944 was 250.6% of the average of 1935-39. However, hogs slaughtered in inspected establishments during the first four post-war years, were only 69% of 1940-45 average marketings, but exceeded 1935-39 averages by 39.4%.

The production picture is further clarified if consideration be given to the volume of meat production as measured by the dressed weight of slaughterings in abattoirs and packing houses. This shows an increase in the output of meats in 1940-44 over 1935-39, of 25 per cent for cattle, 6 per cent for calves, 109 per cent for hogs and 5 per cent for sheep and lambs, with an overall increase of 64 per cent.² This large increase in meat available in Canada is partly accounted for by the restrictions imposed during the war on the export of live animals; but it is mainly due to the much greater production of livestock in Canada during the war years. Increase in weight of hogs was also a factor. This varied from year to year in proportion to available feed supplies and the price ratio of feeds to hog prices.³

Incentives for Livestock Increase - In Western Canada the very great increase in livestock production in wartime may be attributed, first, to the enormous grain crop of 1942 and the accumulated grain carry-over on farms and in public grain elevators. On July 31, 1943, - before the harvesting of the new crop - grain on

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1. Livestock on farms, June 1. Compiled from records of the Dominion Bureau of Statistics by William Darcovich, B.S.A., in "An Appraisal of Wartime Changes in Canadian Agriculture."
 2. Ibid.
 3. Factors influencing the dressed weight of hogs. F.M. Schrader, "The Annalist", Department of Agriculture, Ottawa. Maximum weight occurred in 1942 and 1943 when feed supplies were abundant. In the latter year the hog-barley ratio declined significantly and a decline in hog production followed. The average weights of hog carcasses from 1939 to 1947 inclusive were 151, 146, 154, 162, 167, 161, 160, 161 and 164 pounds respectively.

farms in Canada included 190,207,000 bushels of wheat, 118,404,000 bushels of oats and 41,314,000 bushels of barley. At that time there was on prairie farms a total of 329,000,000 bushels of wheat, oats and barley. This was in addition to much larger quantities stored in elevators. From production and marketing statistics it appears that prairie farmers had retained from the 1942 crop for feeding on farms or for future sale no less than 379,300,000 bushels of oats, which was 50 per cent more than the previous highest farm retention, and 155,400,000 bushels of barley - 72 per cent more than in any previous year.⁴ With more grain to sell there were fewer countries where grain could be sold in the years when Western Europe was under German control. Wheat sales, therefore, declined and prairie farm income was correspondingly diminished. These conditions provided important economic inducements and incentives for greater production of meat animals. Outside of the prairie region there were three economic factors which influenced an increase in livestock production, - a favourable hog-barley ratio,⁵ an abundant supply of Western grain and the freight assistance policy. In all Canada there was the incentive of

4. From "Information re Coarse Grains" Canadian Wheat Pools, July 1949, mimeo.
5. The hog-barley ratio is found by dividing the Winnipeg price per 100 pounds of live hog by the Winnipeg price per bushel of No. 1 Feed barley. The resulting figure represents the number of bushels equal in value to 100 pounds of live hog. Expressed in terms of carcass weight instead of live hog, the figure is increased approximately one-third. The hog-barley ratio in terms of carcass weight at Winnipeg averaged 27.9 over the years 1935-48. Monthly and yearly averages are shown in the following table contained in the TWENTY NINTH ANNUAL MARKET REVIEW, 1948 and 1949, of the Livestock and Meat Trade, Canadian Department of Agriculture, Marketing Service.

Table No. 1

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
1950	21.7	23.0	21.9	19.5	20.0	21.9	23.0	24.9	23.7	22.3	21.5	23.1	21.8
1949	27.9	28.1	29.5	28.7	27.8	28.5	26.6	26.9	22.8	21.2	20.7	22.2	25.2
1948	22.8	26.2	27.5	25.9	25.0	25.3	26.7	30.4	32.4	30.0	27.6	29.0	26.8
1947	27.7	28.6	25.1	24.2	24.2	24.2	24.2	24.2	24.2	25.9	19.2	18.0	24.1
1946	22.9	23.1	22.9	24.4	24.5	24.6	24.6	27.1	28.1	26.2	26.0	26.0	25.0
1945	24.4	24.5	24.5	24.6	24.7	25.4	25.5	24.0	23.0	23.0	22.7	22.7	24.1
1944	24.2	24.2	24.3	24.3	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4
1943	28.7	28.6	29.5	29.1	29.1	28.1	27.4	21.7	21.6	21.5	22.1	22.4	25.8
1942	26.4	26.6	26.4	26.1	25.2	24.5	26.0	28.6	28.3	31.0	31.3	31.1	27.6
1941	28.8	26.9	23.7	23.7	28.0	29.2	30.6	33.1	29.7	29.8	30.0	28.2	28.5
1940	27.3	26.6	27.5	24.7	32.1	41.2	41.8	42.7	40.8	34.3	28.0	31.0	33.2
1939	39.0	41.2	42.2	36.8	33.9	35.6	46.6	40.8	29.4	31.0	32.1	28.1	36.4

Hog production is relatively profitable when the hog-barley ratio is high and relatively unprofitable when the ratio is low. It should be noted that the foregoing figures are in terms of carcass weight which is one-third more than the live weight figures originally used.

Changes in grain marketing policies may be noted in connection with the foregoing figures. Advance Equalization Payments of 15 cents per bushel of barley were paid from August 1, 1943, to March 17, 1947, except in the crop year 1945-46 when it was 20 cents. The payment on oats during those years was 10 cents per bushel. Ceiling and floor prices of oats and barley were advanced on March 17, 1947, and ceiling prices on these grains were removed in November, 1947. Hog prices usually followed the bacon agreement prices.

patriotic appeal and the desire to provide ample food to support the allied cause and particularly our own Canadian men and women serving in the armed forces of the nation. There was also the encouragement of production afforded by stable prices obtained through sales agreements with the Government of the United Kingdom. And there was the hope that a good job of production during the war would enable us to hold export markets in the days of peace. Another factor, which has not been publicised and the value of which cannot be determined, was that young men claiming exemption from military training on the grounds of being essential for farm work were expected to justify their postponement by such an increase in animal production as would prove their essentiality.

In the early stages of the war the eagerness of livestock producers in Canada to provide food in larger quantities brought disappointment to them and embarrassment to the Government as it was then the policy of the Government of the United Kingdom, for strategic reasons, to acquire as much food as possible from the countries of Western Europe. Limited demand and lagging prices seemed to farmers to indicate that Canadian farm interests were not well served by the Government. The second bacon agreement was less favourable than the first from the standpoint of price, and farmers were in a critical mood. In Western Ontario this feeling led to the holding of a public meeting at London, in January, 1941, which was arranged by the Agricultural Supplies Board for a discussion of producer's problems and a review of the new agreements with the United Kingdom for the supplying of bacon, cheese and other farm products.⁶ These conditions did not long persist, however. Demand increased and prices advanced. And farmers' organizations were regularly invited to participate in subsequent Dominion-Provincial Conferences on matters of concern to agriculturists where they exerted a constructive influence in the development of production policies.

Food Agreements between Canada and United Kingdom - During the war and post-war years several agreements were negotiated between the Governments of Canada and the United Kingdom covering meats, dairy products, poultry and eggs and a number of other commodities. These agreements were of prime importance in providing price stability and an assured outlet for all the meat, milk, poultry and eggs, as well as other special products that farmers could supply. Rarely was there a burdensome surplus under these conditions to plague the producer; and the assurance of financing by the vendor government in case the purchasing government could not command the necessary funds was described by one observer as "a sort of seventh heaven of Utopian stability."

Bacon Board - The Bacon Board was the administrative agency formed in 1939 for the fulfilment of the Bacon Agreements between the Government of the United Kingdom and the Canadian Government.⁷ It was the responsibility of the Bacon Board to control the supply of pork for distribution in the domestic market to the extent necessary to ensure that essential export requirements would be available; to arrange price differentials and inspection so as to ensure maintenance of pre-war quality of export bacon; to see that hog prices bore a fair relation to the export contract price and to store produce in heavy production periods to spread the supply and export shipments more evenly over the year. It was required that the Board's operations as to purchasing, storage and export should be self-supporting with the exception of administrative costs. The Bacon Board was not primarily responsible for production policies but endeavoured to co-ordinate its activities with those of the Agricultural Supplies Board and the Wartime Prices and Trade Board.

6. See Chapter 18.

7. For personnel and full details of the Board's duties and powers see Appendix, Chapter 2.

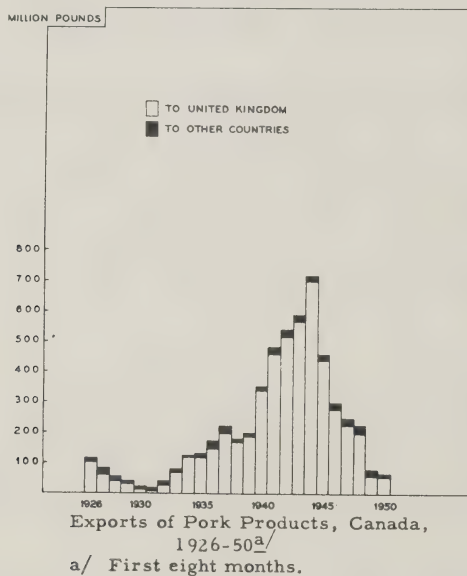
Hog Production and Marketing - The spotlight was on hogs during the war. It was obvious that a greater tonnage of meat could be provided in a relatively short period through hog production than in any other way. While the overall production of grain was highly satisfactory, there were occasions when many farmers, both East and West, experienced frustration through crop failure. The development of grain distribution policies, which have already been described, helped to overcome these misfortunes; and the following statement of average annual marketings of hogs reveals statistically the changes in hog production by regions and periods from 1922 to 1948:

Table No. 2

Comparative Marketings of Hogs (000s)⁸

	<u>1922-39</u>	<u>1935-39</u>	<u>1940-44</u>	<u>1945-48</u>	<u>1949-50</u>
Prairie Provinces ★	1,356	1,633	4,009	2,282	1,486
Ontario	1,424	1,566	2,135	1,894	1,977
Quebec	144	273	509	641	931
Maritimes & B.C. ★★	30	66	131	149	210
Canada	2,953	3,538	6,784	4,961	4,604

Still another comparison, although not fully comparable, is obtainable from the following very impressive record of Wiltshire sides and other pork products exported in recent years - mainly to Britain:



8. Compiled from figures supplies by Canadian Department of Agriculture. Includes marketings through stockyards, direct shipment to packing plants and direct export.

★ Alberta produces about half of the total of the Prairie Provinces.

★★ Production figures for B.C. are not available prior to 1940. Payment of Dominion quality premiums initiated in 1944, probably induced a greater percentage of marketing through abattoirs.

Table No. 3

Exports of Pork Products from Canada, 1921 to 1948⁹

Thousands of lb.

Year	Cured Bacon & Hams	Fresh Inc. Frozen	Cured, Fresh and Frozen	Total Pork Exports	
	Great Britain		U. S.	Others	
Average 1921-25	108,323	3,363	3,428	2,550	117,664
Average 1926-30	45,963	4,173	9,839	2,895	62,870
Average 1931-35	71,443	1,782	2,658	3,939	79,812
Average 1936-40	209,382	850	8,363	5,498	224,093
1941	460,800	-	11,216	10,510	482,526 ¹⁰
1942	524,952	-	83	13,058	538,018
1943	560,305	14,912	4	12,843	588,064
1944	692,310	10,375	-	15,779	718,464
1945	446,069	5	-	16,612	462,686
1946	286,029	-	1	12,399	298,429
1947	232,001	128	17	16,979	249,126
1948	200,138	-	201	26,651	226,990
1949	65,577	-	117	11,747	77,441
1950	72,340	-	6,544	5,923	84,807

Notable in tables Nos. 6 and 7, in addition to the peak reached in 1944, is the subsequent volume of production in comparison with that of pre-war years. The use of averages as in Table No. 6 tends to obscure the extremes of fluctuation, and this suggests the need of more detailed explanation of the circumstances under which hog production developed during the war years.

Bacon Board Operations - The story of the operations of the Bacon Board from 1939 to 1943 and of the Meat Board from 1943 to 1949 is an important part of the record of production and marketing of meat animals in Canada during and since the war. Quantities and prices written into the numerous bacon and other meat agreements were a reflection of the United Kingdom's needs and of the Canadian Government's hopes and expectations of surplus food supplies available for export. It is almost superfluous to say that the Board's operations from year to year in the export of meat were positive factors affecting price control and the evolution of the Government's food subsidy program.

First Bacon Agreement¹¹ - Under the First Bacon Agreement between Canada and the United Kingdom it was agreed that Canada would supply 6,500,000 pounds of bacon and cuts weekly during the period ending October 31, 1940, at a

9. Source, Trade of Canada, Dominion Bureau of Statistics.

10. 33,867 live hogs were also exported to U.S.A. in 1941.

11. Details of commodity agreements between Canada and the United Kingdom are to be found in "Exports of Canadian Farm Products, War and Post-War Developments", Frank Shefrin, Economics Division, Department of Agriculture, Ottawa. Processed Report, February 1949.

price of \$18.01 per 100 pounds of Grade A bacon at Canadian seaboard; but there was no great urgency on the part of the United Kingdom with respect to the fulfilment of the contract since purchasing of food from European countries was continued for strategic reasons until the German armies occupied Denmark and Holland. Canadian shipments could have been made in excess of the specified quantities but were not accepted. Marketings of meat animals in Canada were then at about normal levels, with the exception of hogs, the volume of which was about fifty per cent greater than in the previous year. A marked increase of interest in hog production occurred in 1939 in consequence of the relationship between grain and hog prices being unusually favourable to feeders of grain.

Canadian hog prices were well above the level of hog prices in the United States in 1939 and 1940. Conditions were, therefore, favourable for the movement of hogs and pork from the United States to Canada, and the ensuing movement was the equivalent of 26,608,040 pounds of pork in 1939 and of 37,154,815 pounds in 1940. Heavy domestic slaughtering of hogs in Canada in 1940, supplemented by importations from the United States, threatened the stability of Canadian hog prices. The Bacon Board, however, was able to store substantial quantities of pork against future commitments, and the crisis was safely passed without causing prices to decline unreasonably. An appeal to the public to "Eat More Pork" met with a satisfactory response and helped to ease the pressure on hog prices.¹² Marketings of cattle and sheep at this time were about normal and did not significantly affect prices.

Early Government Production Policies - No special incentives were needed in Canada in 1939 to produce as large a supply of pork products as could then be used, but maintenance of quality was considered essential. The Agricultural Supplies Board, therefore, issued a series of advertisements which appeared in the farm press early in 1940 advising that quality and economical production and regularity in the marketing of hogs were then of greater importance than increased production.

Official recognition was given in 1940 to the system of selling hogs on the basis of dressed weight and grade. This method had been available for about five years for those who chose to use it voluntarily; and it was growing in popularity with producers of good quality hogs. More than one-half of all the hogs graded in 1939 were rail graded as compared with slightly more than one-quarter in 1937. The Bacon Board was paying for Wiltshire sides on the basis of quality,¹³ and rail grading

12. Pork consumption in Canada in 1940 was estimated as 44.7 pounds per capita, which was an increase of 6.3 pounds over the previous year. Beef consumption increased by 1.3 pounds per capita.

13. To fulfil its agreements with the United Kingdom, the Bacon Board bought bacon from Canadian meat packers according to weight, grade and selection, each priced according to its commercial value. Wiltshire sides were divided into Grades A and B. Each of these grades was subdivided originally into three qualities - Light, Sizeable and Heavy. Subsequently there were four weight ranges of 50/55, 55/65, 65/70 and 70/75 pounds. Within these weight ranges were three fat selections for both Grade A and Grade B, namely 1, 2 and 3, or lean, leanest and prime. Export type cuts as gammons, hams, backs, middles and fore-ends were also purchased according to weight ranges and fat selections. All of these were priced according to quality. As meat supplies from other countries became available to the United Kingdom at the close of the war, only the better qualities of Canadian Wiltshires and cuts were accepted for shipment so as to supply a high quality product likely to satisfy consumer demand in post-war years.

permitted each hog producer to be paid in accordance with the quality of the animals which he sold on public stockyards or at inspected plants.

To bring more clearly to producers a knowledge of the quality of pork in greatest demand and productive of the best price, the Canadian Department of Agriculture had a number of Wiltshire sides on display at Class A and Class B exhibitions in Western Canada in 1940. To replenish breeding stock in parts of the prairie provinces which suffered from drought and crop failure in 1937, Federal and Provincial Departments of Agriculture had then co-operated in the selection and distribution of gilts and bred sows. These were assembled at marketing centres and delivered to destination at less than cost. The Federal Department supplied a boar with each shipment of not less than 15 gilts. Collection and distribution costs were shared between the participating Governments. This became a Government policy, and both Alberta and Saskatchewan continued these arrangements in 1939 and 1940 when a total of 108 group shipments were made.

Second Bacon Agreement - When the Second Bacon Agreement, signed on October 30, 1940, was made, the supply situation did not seem to warrant a continuance of the price levels of the first agreement. Canadian hog prices had been about three cents per pound above those prevailing in the United States during 1940 but they were decidedly weak when the second agreement was being negotiated. The second agreement was for 425.6 million pounds of product; and the price of Grade A Wiltshires, 45/80 pounds, was \$15.82 per 100 lbs. as compared with \$18.01 in the first agreement.

A complete reversal of supply conditions soon followed the signing of the second agreement insofar as the American market was concerned. Meat scarcities began to develop in the United States where hog prices more than doubled from their lows of 1940 and attracted shipments of pork and live hogs from Canada.¹⁴ Canadians were asked in June to "Eat Less Pork" at a time when they wanted more. There was no evidence of decline in consumption of meat; but the increase in pork consumption may have been lessened by the appeal.¹⁵

The British Ministry of Food also had shortage problems. They asked that monthly shipments be increased and that the second bacon agreement be completed six weeks before the specified date. Shipments were completed in advance of the scheduled date but later than was desired.

It was soon discovered that the contract price named in the Second Bacon Agreement was too small. It had already been agreed by the United Kingdom Ministry of Food that certain revisions of the agreement might be made if exceptional circumstances should arise, beyond the control of either Government, making it impossible for its terms to be fulfilled. Consequently, it was agreed that the United Kingdom would pay "85£. per long cwt. f.o.b. for 50 per cent of the present contract quantity, namely 95,000 long tons, with the proviso that if prices of United States' hogs move further above parity, the difference above 85£. is to be

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14. Canadian exports of live hogs to U.S.A. in 1941 were equivalent to about 5 million pounds of pork; and pork shipments of 11,325,000 pounds were also made.
 15. Total meat consumption per capita in Canada estimated increased from 121.5 to 129.8 pounds in 1941. The increase in pork was 1.6 pounds.

borne by Canada while if prices of United States' hogs decline so that 85¢ is above parity, then the 85¢ will be reduced accordingly with a low limit of 81¢.¹⁶

This arrangement enabled the Bacon Board to advance the price of A Grade, No. 1 Sizeable Wiltshires from \$16.10 to \$17.10 per 100 pounds on May 2. One month later the price was advanced from \$17.10 to \$17.85 and again on June 24 another addition to the price was made, bringing it to \$18.60. On July 23 the price was raised to \$19.60. Funds for the first of these increases were provided by the British Food Ministry, and the other increases were made possible through funds provided by the Canadian Government.

Price increase, however, was not of itself sufficient to obtain the required volume of export product. Greater controls of exports and of domestic use of pork became necessary in order to meet overseas demands and complete the agreement by September 15, 1941, as requested. Action was taken in May, 1941, limiting the number of hogs which could be slaughtered for distribution in the domestic market to 100 per cent of the 1940 weekly average volume.¹⁷ Hog slaughterers were required to apply to the Bacon Board for a license to operate after May 31, 1941.¹⁸ On July 28, the allotment of hogs for domestic distribution was reduced to 75 per cent of 1940.¹⁹ To promote an "Eat Less Pork" campaign, letters were sent to retailers, restaurants, hotels, and operators of dining cars, and consumers were informed that pork purchases should be reduced 50 per cent during the summer months.²⁰ From the

16. P.C. 3175, May 5, 1941.

17. Bacon Board Order No. 1.

18. Bacon Board Order No. 2. Farmers and one-store butchers were exempt.

19. Bacon Board Requirement No. 49A.

20. Bacon Board Order No. 3 issued on Sept. 14, 1942, made this obligatory in respect to domestic distribution. Statistics of per capita meat consumption in Canada which follow, show a variable rate but do not indicate marked success in the curtailment of the use of pork:

Table No. 4

ESTIMATED PER CAPITA CONSUMPTION OF MEAT IN CANADA BY CIVILIANS
(Expressed in terms of cold dressed carcass weight)

	Beef	Veal	Mutton and Lamb	Pork	Offals	Canned Meats	Total
	- pounds -						
1928	50.5	8.2	5.5	58.4	1/	2/	122.6 3/
1931	48.5	8.5	5.9	51.9	1/	2/	114.8 2/
1933	45.8	9.1	5.7	52.0	1/	2/	112.6 3/
1937	54.6	11.9	5.6	42.5	6.2	2.0	122.8
1938	57.2	10.3	5.4	37.7	5.7	1.7	118.0
1939	53.2	10.4	5.4	38.4	5.1	2.1	114.6
1940	54.5	10.8	4.5	44.7	5.5	1.5	121.5
1941	58.3	11.1	4.9	46.3	6.0	3.2	129.8
1942	60.1	10.8	5.0	53.3	6.4	3.1	138.7
1943	69.3	10.2	4.6	61.0	7.3	3.1	155.5
1944	66.6	11.0	4.8	61.3	7.4	2.8	153.9
1945	64.6	11.9	4.7	50.2	6.0	4.8	142.2
1946	67.2	10.5	4.8	51.3	5.5	5.9	145.2
1947	67.2	9.5	4.8	51.9	6.4	5.6	145.4
1948	57.5	10.9	3.5	53.9	6.0	3.5	135.3
1949	56.5	9.1	3.0	59.2	5.6	5.1	138.5
1950	50.5	9.2	2.5	60.8	5.6	5.5	138.5

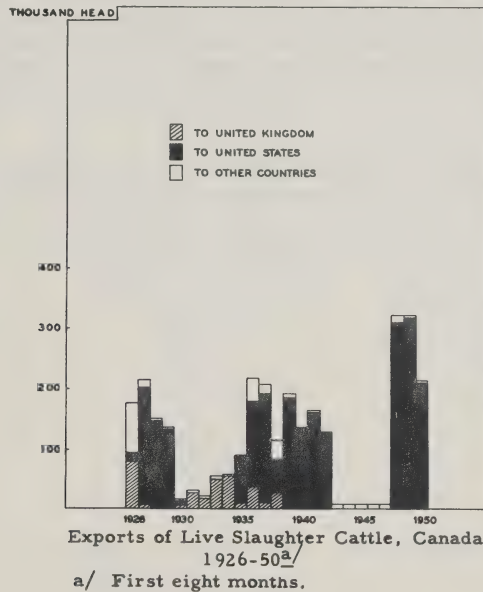
1/ Estimate not available.

2/ Included with other meats.

3/ Total figures prior to 1935 do not include offals.

middle of 1941 an export ban stopped the movement of Canadian hogs and pork into the United States and prohibited the export from Canada of edible pork products, exclusive of lard, to points other than the United Kingdom and British possessions.²¹ Notwithstanding these restrictions, the estimated consumption of pork in Canada increased annually from 38.4 pounds per capita in 1939 to 61.3 in 1944; and the total per capita use of all meat rose from 114.6 to 153.9 pounds.

Beef Cattle Marketing - It seems necessary at this point to digress from a review of the activities of the Bacon Board and the marketing of hogs to consider what was happening with respect to beef cattle. We have seen that increased employment in Canada greatly enlarged the demand for meat and that the meat requirements of the United Kingdom were becoming more urgent. Exports of pork products were, therefore, restricted except to Britain and British possessions in the Western Hemisphere, and the domestic market was being "shorted" in order to meet the requirements of the United Kingdom. To make more meat available to supply domestic needs, the movement of live cattle to the United States was first brought under control early in 1942 and discontinued in September of that year.²²



21. Order in Council P.C. 5532.

"Since the Canadian price freeze -- came at a different time from the price controls elsewhere it was necessary to insulate the Canadian price structure from external influences; hence -- import and export controls, --". K.W. Taylor, in Canadian Journal of Economics and Political Science, Vol. 13, No. 1, February 1947, page 87.

22. P.C. 4269, May 20, 1942.

Beef cattle producers accepted this wartime expedient of their Government with the expectation that on the passing of the emergency they would again be permitted to sell their cattle in American markets.²³

Wartime Food Corporation, Limited - The marked scarcity of meats in Canada in 1942 was causing difficulties for the Wartime Prices and Trade Board. Tariff regulations of a certain quota per annum and per quarter at a minimum rate of duty and for unlimited shipments in excess of the quota at a higher rate of duty. When cattle prices in the United States were higher than in Canada, this induced heavy marketings of cattle at the beginning of a quota period and encouraged the retention of saleable animals until the beginning of a subsequent period if the quota of the previous period was filled early. Unwillingness of Canadian producers to sell beef cattle on domestic markets during these intervals indicated that price ceilings of the Wartime Prices and Trade Board were too low. Whatever other causes existed there was the obvious fact that a meat shortage was imminent; and this fact implied a serious threat to price ceilings. The Wartime Food Corporation, formed as a subsidiary of the Commodity Prices Stabilization Corporation of the Wartime Prices and Trade Board, was intended to ensure domestic meat supplies by retaining beef animals in Canada where they would be sold at prices in proper relationship to authorized meat prices. The Corporation was also expected to protect cattle producers in respect of price by buying their animals at prices roughly equivalent to what they would realize in United States markets. If a beef surplus should arise, sale would be made in the United States of as many cattle as could be spared.²⁴

23. The diversion of cattle from the United States and the export of beef to Britain was regarded as an emergency measure. The following table shows average annual exports of live cattle - 200 pounds and over - including purebreds and dairy cattle, by periods, to Great Britain and the United States:

Table No. 5

<u>Periods</u>	<u>To United Kingdom</u>	<u>To United States</u>	<u>Others</u>	<u>Totals</u>
1914-21	4,410	200,401	5,683	210,494
1922-30	40,056	123,842	4,233	168,131
1931-35	30,918	26,626	3,312	60,856
1936-42	11,384	171,586	3,637	186,607
1943-47	75	69,352	6,859	76,288 x
1948	319	439,647	6,492	446,458
1949-50	-	408,910	2,240	411,150

Source - Trade of Canada

x - chiefly dairy cattle

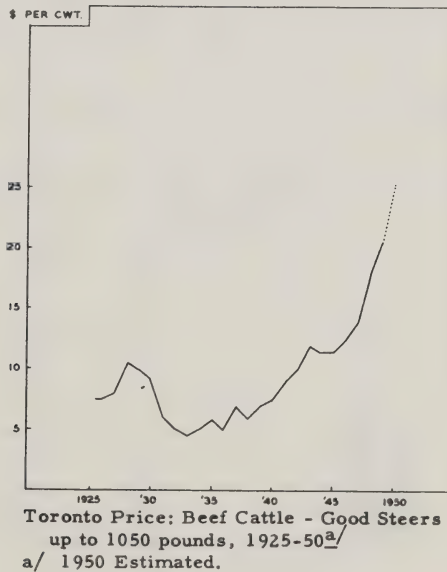
24. After June 15, 1942, licenses for the export of cattle could only be obtained through the Wartime Food Corporation; and on September 1, 1942, exports to the United States of cattle other than dairy and purebreds were prohibited; and the Order relating thereto was not revoked until August 21, 1948.

The authority under which the Wartime Food Corporation operated required that it restrict its purchases of beef cattle to the equivalent of the export quota or to that portion of the quota not actually shipped. At other times the Corporation could buy cattle only when cattle prices in Canada were below the equivalent of Canadian beef ceiling prices. Thus, in a period of scarcity of meat with prices at the ceiling and at a time when cattle producers were waiting for the opening of a new quota period, the Corporation might be unable to act to alleviate a shortage of beef such as existed in the autumn of 1942. There was no scarcity of beef cattle. What was lacking was sufficient price attraction to bring them to market. That inducement was provided when domestic retail price ceilings were raised some months later.

As a result of its operations in the purchase and sale of cattle in 1942 the Wartime Food Corporation had an operating deficit of \$832,281.69, which may be regarded as a measure of compensation to beef cattle producers for their inability to make direct sales to the United States during the period when the Corporation was dealing in cattle.²⁵

These changes in the marketing of beef cattle were not of themselves sufficient to overcome the scarcity of meat in Canada. The Bacon Board was obliged to impose further restrictions on the use of pork in order to maintain its programme of overseas shipments. The fall increase in marketings of cattle eased the situation temporarily, and thus it was possible to defer the introduction of meat rationing until May 27, 1943.²⁶

Beef Price Changes - Several changes in the regulations of the Wartime Prices and Trade Board were made during these months with respect to prices of beef.



25. From ~~June~~ 15, 1942 to September 1, 1942, Annual Report, W.P.T.B.

26. Meat rationing was undertaken in the United States on March 29, 1943.

In June, 1942, maximum wholesale prices on first quality beef, on a variable level by periods were announced.²⁷ This ceiling price was highest in June, and was to be reduced from time to time on specified dates so that it would be at its lowest point during the period from September 14 to October 12, after which the price trend would be reversed to regain the maximum level at the end of May, 1943. When this price schedule was announced in June, 1942, it was intended that the buying of cattle by the Wartime Food Corporation would keep cattle prices in a proper relationship with beef prices. About a year later a price support policy for beef was devised and made effective on May 27, 1943, when meat rationing was introduced. This beef support price was to be variable seasonally like the ceiling prices announced in June 1942; and the Department of Agriculture would buy beef when necessary to maintain cattle prices at an appropriate level. To enable the Bacon Board to assume that duty, it was re-constituted with enlarged powers and named the Meat Board on June 3, 1943. The signing of a Beef Agreement with the United Kingdom on September 29, 1944, further expanded Canada's meat marketing arrangements²⁸ and assisted in the administration of the price support policy for beef.

Meanwhile, the variable ceiling price policy for beef introduced on June 24, 1942, was found to have some defects. Producers related the marketing of their cattle to the scheduled price changes and thereby accentuated the seasonal scarcities. To encourage greater regularity in the marketing of cattle the maximum wholesale price of beef was made uniformly level throughout the year. Support prices for beef were also made level; but for the lower grades of beef these were subject to foxed differentials in relation to the maximum price. These several changes, effective August 21, 1943, made for greater regularity in the flow of cattle to market and increased the acceptability of wartime restrictions with respect to cattle marketing. A further modification of the floor price for beef was announced on July 14, 1944, whereby each quality of beef would be supported at a specified level below its relative ceiling price. The support price for Red and Blue grades of branded beef would be 25 cents below the ceiling and that of Commercial quality \$1.25 under the ceiling.

United Kingdom Beef Agreements - Agreements between the United Kingdom and Canada for the sale of beef provided a market for about half a billion pounds of Canadian beef during the years 1944 to 1948 inclusive. The retention of beef cattle and beef in Canada after September, 1942, accelerated the building up of meat supplies. Hog production was expanding unprecedentedly, and both beef and hog production reached an all-time peak at about the same time in 1944 and 1945. Beef cattle slaughtering at inspected establishments in Canada in 1945 were more than double those of 1939 and 1940 and were but little short of the total of any two consecutive years prior to 1944. The United Kingdom Beef Agreements were, therefore, very important mutually to the two countries concerned with them.

The first agreement relating to beef deliveries to be made in the years 1944 and 1945 involved a minimum of 100 million pounds (bone-in basis) and permitted shipments of 296 million pounds. Actual deliveries were 348.5 million pounds. All of the beef agreements of the following three years called for minimum quantities amounting in the aggregate to 230 million pounds. Domestic meat requirements, however, were such that not more than 177.3 million pounds could be supplied against these commitments. Beef marketings remained at high levels, but the abnormal

27. Board Order B194.

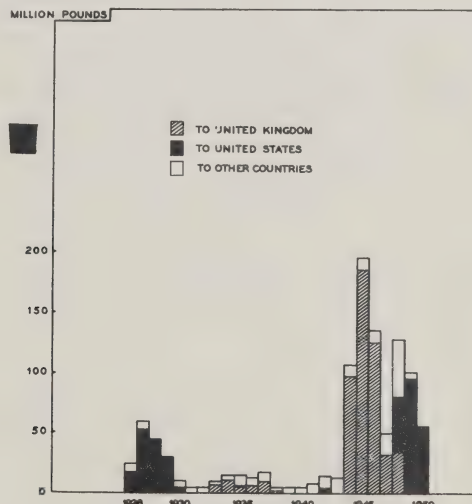
28. Beef shipments were made to Britain throughout 1944.

decline in hog production after 1944 created serious difficulty for the Meat Board in finding enough suitable Wiltshires and Cuts to fulfil its commitments and also meet the requirements of Canadian consumers. Notwithstanding the reduction in per capita meat consumed in Canada after 1945 it was impossible to meet later Canadian commitments to the United Kingdom completely for either beef or pork.

Canadian beef prices were fairly steady during the years of the United Kingdom beef agreements, and no price increase was made until the 1947 agreement was negotiated. In the first agreement, deliveries prior to August 21, 1944, were to be at the level of the floor prices set by the Canadian Government; while purchases after that date were to be valued at \$22.75 per cwt. for choice quality (Red Brand) steer and heifer carcasses (bone-in) with a differential of \$1.00 less for Blue Brand quality and \$2.00 per cwt. less for medium quality steer and heifer carcasses, all basis f.o.b. vessel at Canadian seaboard. Boneless manufacturing beef commanded practically the same price per cwt. as the better grades of carcass beef, while carcasses of cow beef of good to choice quality were priced at \$18.70 per cwt.

An advance in the price was made in 1947 when the third beef agreement was negotiated. This was at the rate of \$1.50 per cwt. with respect to the two top grades of steer and heifer beef carcasses. There was a small increase in the price of cow beef and none for manufacturing beef. The 1948 agreement, however, provided for increased prices for all qualities of beef, the major price change being in the top qualities of carcass beef, which was \$3.25 per cwt. more than the 1947 agreement, with \$2.00 more per cwt. for cow beef in carcasses and \$1.50 per cwt. for manufacturing beef.

The resumption of exports of beef cattle and beef from Canada to the United States in August, 1948, destroyed all possibility of supplying much Canadian meat of any kind to the United Kingdom without an important increase in the production of meat animals on Canadian farms.



Exports of Beef, Canada, 1926-50^{a/}
a/ First eight months.

Third Bacon Agreement - The growing need of the United Kingdom for bacon was emphasized when the Third Bacon Agreement was drawn in September 1941, calling for "not less than 600,000,000 pounds of bacon and hams during either the period 1st October, 1941, to 30th September, 1942, or the twelve months period immediately following upon the completion by ocean shipment of the quantities specified in the previous agreement whichever is the earlier." In that agreement the price to be paid for Grade A Wiltshires, 45/80 pounds, was \$19.77 per 100 pounds as compared with \$15.82 per 100 pounds, - the initial price specified in the Second Agreement.

The Bacon Board's schedule of graded prices for bacon purchased for the 1941-42 contract on and after October 13th provided \$19.90 for A Grade No. 1 Sizeable, as compared with \$19.60 at the close and \$16.10 at the beginning of the 1940-41 agreement.

A reflection of the higher cost of feed grains and their scarcity in crop failure areas was the marketing of light and immature hogs. To discourage this tendency, announcement was made that on and after December 15, 1941, restrictions would be imposed on the slaughter by exporting plants of hogs dressing less than 130 pounds, although a small tolerance was allowed.²⁹ Discounts on B carcasses were to be restored to former levels. Packers were advised that from February 2 they would be required to deliver to the Board 120 pounds of export product for every hog killed in excess of their domestic quota instead of 115 as previously required. As from March 23, 1942, to encourage the marketing of hogs at heavier weights, sides from 65-75 pounds in weight were to be bought on the same price basis as for 65-70 pound sides.³⁰

Fourth Bacon Agreement - The Third Bacon Agreement was completed in November, 1942, but not before a new agreement was drawn calling for the delivery of 675,000,000 lbs. during the twelve months immediately following the completion of the Third Agreement. The contract price of \$21.75 per 100 pounds for Wiltshires, Grade A 45/80 pounds indicated a continuing upward trend of food prices.

The growing scarcity of meat in the winter of 1942-43 indicated some changes in marketing. Although numbers of pigs on farms at June 1, 1942, showed a gain of 17 per cent over the previous year, there was a moderate decline of 1.2 per cent in hog marketings in inspected establishments in 1942. The bulk of these should have reached the market in 1942 and early in 1943. That less than a normal proportion of them reached inspected abattoirs suggests that they found their way to consumers tables by a more remunerative route and thereby evaded the restrictions of the Meat Board on pork sales by inspected packers to the retail trade.

Although fewer hogs were marketed through normal channels there was an increase in weights as a result of more abundant supplies of grain. The price concession on heavy carcasses allowed by the Meat Board also encouraged producers to feed their hogs to the desired finish.

29. One-quarter of one per cent. This was changed to three-quarters per cent 10 weeks later.

30. In May, 1942, the Joint Economic Committee recommended that hogs in Canada and the United States be fed to heavier weights in order to increase the supply of oils and fats.

Black Marketing of Meat - "Black marketing" requires little explanation. It refers to illegal marketing operations which occur when a scarce commodity, under rigid price control, can be sold more profitably by evading the regulations. This may be done through regular outlets or by forming new ones. Irregular transactions are seldom recorded in such a manner as to permit the facts to be substantiated. Meat scarcities in 1942 and increased demand provided an opportunity for the development of irregular handling methods. The Canadian meat packing industry held that slaughtering of cattle by independent operators increased greatly in the latter part of 1942 and in the early months of 1943. It was also claimed by them that there was waste in such diversion, as these independents were not adequately equipped to recover and use all of the animal by-products, and so Canada's war potential was being correspondingly impaired.

It is suggested that the margins allowed retail meat dealers were sufficient to enable them to pay more than ceiling prices for carcass meat, and that, in periods of scarcity, this was causing unequal distribution of meat since retailers nearest to rural communities were being served first to the disadvantage of city residents. Industrial workers in city plants found meat supplies decidedly scarce for some weeks; and the employees of the larger meat packing plants in Toronto saw that the diversion of slaughtering to other places was liable to affect the regularity of their employment as well as the availability of meat supplies.

The Administration of price control of beef was particularly difficult because of wide variation in quality and the large variety of cuts offered for sale. Effective control could only be provided through the employment of an army of capable inspectors. And the acquiring of incriminating evidence under "black marketing" conditions of scarcity is very difficult since the parties concerned in such transactions are not likely to report them, and documentary evidence is usually lacking.³¹

Added price incentives, through normal trade channels, seemed to be the best means of incurring equitable distribution of meat. The Bacon Board raised the price of export bacon approximately \$2.00 per hundred pounds, effective October 5, 1942, although the new agreement at a correspondingly higher price did not become effective until November 22.³² In the new agreement the price of Wiltshire sides, Grade A, 45/80 lbs. was advanced from \$19.77 to \$21.75 per 100 pounds at Canadian Seaboard. The 1943 pricing arrangements with respect to beef also seemed to be more satisfactory to both producers and meat distributors.

With the completion of The Fourth Bacon Agreement on December 25, 1943, Canada was approaching the zenith of its hog production effort. Both slaughtering and storage capacity were strained to the limit. Meat slaughtering restrictions were therefore removed on October 25, 1943, and meat rationing imposed on May 27, 1943, was suspended on March 1, 1944.³³

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31. See Appendix for an extract from the 1947 annual report of Canada Packers, Ltd.
32. Funds from surplus operating margin were used for this purpose.
33. Meat rationing was again found to be necessary on September 10, 1944. The action of the U.S. Government suspending meat rationing was criticised when scarcities of meat recurred. (House Report #504, 79th Congress, 1st Session, May 1945, p. 15).

Fifth Bacon Agreement - The Fifth Bacon Agreement, under which Canada undertook to supply a total of 900,000,000 pounds of bacon and hams during the calendar years 1944 and 1945, was to become effective immediately on the completion of the previous Agreement. The basic price was \$22.50 per 100 pounds for Wiltshires, Grade A, 45/80 pounds, at Canadian seaboard. The Bacon Agreement was paralleled by a Beef Agreement and a Mutton and Lamb Agreement, although shipments of both beef and mutton had been made to the United Kingdom before formal agreements were completed in September 1944. Canada had now undertaken, after supplying Newfoundland and other dependent areas, to direct all available surpluses of meat to Britain.³⁴ Consideration will be given to the steps which were necessary to achieve this objective.

When shipments of bacon under the terms of the fifth agreement were begun, the volume of hog marketings in the prairie provinces far exceeded the capacity of Western slaughtering establishments.³⁵ These conditions imposed upon producers extra costs for feed during the holding period and shrinkage on hogs awaiting slaughter as well as unwelcome penalizing of gains on finished animals which could not be shipped when they had reached the desired weight and finish because of congestion at marketing points. Slaughtering capacity, which had been greater than demand in pre-war years, was suddenly found to be inadequate. Plants operated day and night shifts; but despite this extra effort it became necessary to move carloads of hogs to Eastern abattoirs to relieve the marketing congestion at Winnipeg, Edmonton and Calgary. To alleviate these conditions the Meat Board paid a rebate of 50 cents per hundred pounds, dressed weight, on all Western hogs, except sows, shipped for slaughtering in inspected plants located in the provinces of Ontario and Quebec. Payment was made on the condition that the price which the producer received was not less than \$17.65 per 100 pounds, warm dressed weight, on the basis of B1 Grade hogs delivered at Eastern plants.

The Government policy of paying premiums of \$3.00 on A Grade and \$2.00 on B1 Grade hogs became effective on January 24, 1944. Considering Canada as a whole, the carcass premiums were beneficial as a means of encouraging the production of hogs of the best type, finish and weight to command highest prices. They also encouraged a greater volume of movement through inspected plants. In the prairie region this policy revived interest in hog production and delayed, but unfortunately did not prevent, a substantial decline in numbers which subsequently reduced hog marketings to about half of the deliveries of the record year, 1944.³⁶

34. Beef shipments to Britain were continuous throughout 1944.

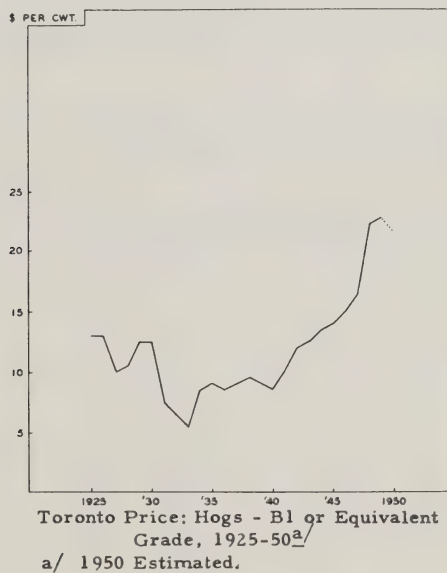
35. The maximum slaughtering capacity of packing plants in Western Canada was 153,000 hogs per week as compared with plant capacity of 85,000 hogs per week in the East. During 13 weeks, including December, 1943, and January and February, 1944, 161,645 hogs were shipped from Western Canada to Eastern plants. During the week ending February 5, a total of 174,647 hogs were marketed in the West, a total of 21,647 head in excess of the rated slaughtering capacity. From October 1, 1943, to May 27, 1944, a total of 6,846,000 hogs were killed at all inspected establishments in Canada, an average of 199,592 head per week.

36. The benefit of this policy as an encouragement to hog production was somewhat neutralized when the premiums were reduced on April 1, 1946, (in accordance with Government policy of decontrol) to \$2.00 and \$1.00 per head, coincident with a price increase of \$2.50 per 100 pounds for Wiltshire sides. As a measure of "translation of subsidy into price" the adjustment was warranted.

Hog Pricing Method Changed - Dissatisfaction with the basis of payment for hogs increased during the years of heavy hog production when the standard or basic price was paid for B1 Grade carcasses, with a premium for Grade A carcasses and with discounts of definite amounts per head for other classes of B Grade, "lights", "heavies" and off-type hogs. Premiums to encourage quality were, of course, approved by producers. But, when meat was scarce and fats were in demand, serious objection was taken by producers when carcasses were discounted for no other reason than because they were a very few pounds overweight.

To meet these objections, the system of grades and the method of pricing were changed to become effective on April 19, 1944.³⁷ All grades and weight classes of hogs were to be priced individually at their commercial value and, instead of having fixed differentials per head, each would be free to find its own level per pound according to market conditions. The only exception was an understanding at that time that the price for Grade A carcasses would be 40 cents per cwt. above B1. The payment of quality premiums was supplementary to this pricing arrangement and was to be continued until six months after the end of the war.³⁸

Further Restrictions on Pork Sales - Indications of meat scarcity appeared again in 1945. Requisitioning by the Meat Board of all Grade A carcasses of hogs slaughtered in all inspected plants after January 15, 1945, as well as a quantity of product equivalent to a specified proportion of B1 carcasses from exporting plants was undertaken in order to get the required volume of high-class product for export. The percentage of B1 hogs required from Western plants was 100, and from Eastern plants, 65; the percentage to be variable from time to time so as to allow essential supplies to reach the domestic market.



37. Press announcement of the Minister of Agriculture, January 21, 1944.

38. It was still in effect in 1950.

Meat rationing was resumed on September 10, 1945, - a year in which hog marketings were 3,072,714 less than in 1944. To get bacon for export it became necessary in October to grant each exporting packer a quota of hogs to supply the domestic market, and to requisition for export all Grade A and B1 carcasses slaughtered in excess of such quotas. This compulsory removal of high grade Wiltshires for export helped to maintain the volume of shipments as well as the quality of the exported product.³⁹

Effective January 2, 1945, the Meat Board price schedule to packers for export Wiltshires was changed by removal from it of Wiltshires of No. 3 fat selection and by restricting the purchase of sides to the 50/75 weight range. Wiltshires of the 45/80 pound range and of No. 1, 2 or 3 fat selection had previously been accepted for shipment under the agreement.

The Meat Board policy of procurement of meat supplies by requisitioning available stocks and by placing limits on domestic sales was adopted when domestic competition for supplies was keen. This method was in general use throughout the war except in 1940 and again in 1943-44 when it was unnecessary. Statistics of meat consumption indicate the difficulty of applying effective controls when purchasing power is high.

Sheep Production - Japanese naval and military successes in the South Pacific was an indirect means of infusing new life into sheep breeding in Canada when it seemed that shipments of wool from Australia and New Zealand might be prevented from reaching North America. Under these circumstances, it seemed highly desirable to increase sheep production in Canada, and with this in view, the Agricultural Supplies Board invited representatives of the Provinces to a conference held in Ottawa on April 15, 1942, which was also attended by representatives of several of the Colleges of Agriculture, the Canadian Federation of Agriculture and the Canadian Wool Board.

39. Table No. 6

Canadian Bacon Exports 1939-48

showing percentage of each grade and selection
shipped under successive Bacon Agreements.

	<u>A. Wiltshires</u>			<u>B. Wiltshires</u>		
	1.	2.	3.	1.	2.	3.
1939	50.4	29.8	12.3	5.1	1.9	.5
1940	56.9	22.9	9.1	8.7	1.9	.5
1941	66.3	17.2	6.4	8.3	1.3	.4
1942	64.0	17.3	7.3	9.4	1.4	.7
1943	68.4	16.8	6.5	7.0	.7	.6
1944	71.2	15.8	5.5	7.0	.4	.1
1945	78.1	13.9	.9	6.8	.3	-
1946	78.0	11.1	5.1	5.6	.2	-
1947	81.6	12.7	.6	4.9	.2	-
1948	68.1	18.7	2.5	8.6	1.7	.3
1949	64.8	23.8	3.0	6.7	1.6	.1
1950	53.4	26.9	5.8	10.1	3.3	.5

Sheep breeding has always occupied a secondary position in Canadian livestock production. The development of ranching in Alberta, Saskatchewan and British Columbia shifted the centre of Canadian sheep production from the farms of Eastern Canada to those ranching regions, with increases in numbers in Southern Alberta surpassing all other localities.

At the Conference a tentative objective of one million head increase in the number of sheep in Canada by June 1943 was agreed upon; and provincial representatives undertook to organize production programmes to accomplish this aim. The Agricultural Supplies Board agreed to support the Provinces by paying freight charges on ewes and ewe lambs sold for breeding purposes. The Canadian Government undertook to loan suitable rams for two seasons to any farmer establishing a new flock of not less than 15 females. The Agricultural Supplies Board assisted further by publishing a pamphlet entitled "Canada Urgently Needs More Wool."⁴⁰

As a result of this policy a great many ewes and well-grown ewe lambs, which normally would have been marketed for slaughter, were purchased and distributed in the fall of 1942 for increasing the size of existing flocks and for establishing new flocks. Many carloads of surplus ewes from two to six years old from ranges in Southern Alberta and Saskatchewan were distributed for breeding purposes in the Prairie Provinces, British Columbia and as far East as the Ottawa Valley. Selected ewe lambs produced in Ontario were widely distributed in old and in new Ontario; and over five thousand of the best ewe lambs reaching Montreal markets were selected for sale and use as breeders in various sections of Quebec. In the Maritime Provinces the distribution of breeding females did not reach the proportions attained in the other provinces.⁴¹

Purebred rams to the number of 875 were bought in 1942 for loaning to beginners, and 153 were purchased in 1943, - a total of 1,028 at a purchase cost of \$28,521.50.⁴²

It is estimated that freight was paid on about 33,000 ewes and ewe lambs from the inception of the policy, and that total transportation charges on ewes and rams amounted to \$25,943.27.⁴³

That the sheep production campaign was a success is shown by Dominion Bureau of Statistics figures which reveal that the number of sheep and lambs on Canadian farms on June 1 reached a maximum of 3,726,000 head in 1944 as compared

40. A bonus on clean wool was another form of encouragement of sheep production. During 1943 a Wool Improvement Policy was authorized whereby the Canadian Government made a cash contribution (not exceeding two cents a pound) in co-operation with any provincial government which paid a cash bonus on wool prepared for market in accordance with specified regulations as to cleanliness. The object of the bonus was not necessarily to obtain a larger quantity of wool but rather to emphasize to the producer the importance of improved quality in the Canadian wool clip both for wartime needs and for the future peacetime market. More detail is given in Chapter 11, Wool and Wool Administration.

41. Annual Report of Agricultural Supplies Board, 1944.

42. Ibid.

43. Ibid.

with 2,862,000 in 1941. All Canadian provinces participated in this gain of 864,000 head although the major part of the increase occurred in the Prairie Provinces.

While there were, no doubt, many important individual enterprises associated with this sheep production programme which have not been publicised there was one which deserves to be mentioned. A sheep production scheme was associated with the Prairie Farm Rehabilitation irrigation projects at Val Marie, East End and Maple Creek in Saskatchewan, where it seemed possible and desirable to combine range grazing in summer with centralized feeding in winter in close association with these irrigation projects where there were ample supplies of feed.

Co-operative associations were formed to provide joint ownership and a plan of organization that would permit the sheep production program in each of these places to be supervised by a qualified herder on behalf of the shareholders.

Range ewes were bought from nearby sheep ranches. A bank loan for a part of the purchase price was negotiated through the good offices of the then Superintendent of the Experimental Station at Swift Current who was the prime mover in initiating and supervising the project. This co-ordinated, co-operative undertaking involved the purchase of about 11,000 head of sheep and the acquisition by lease of sufficient parcels of land for summer grazing for them and it was an important contribution to the success of the sheep and wool production campaign.

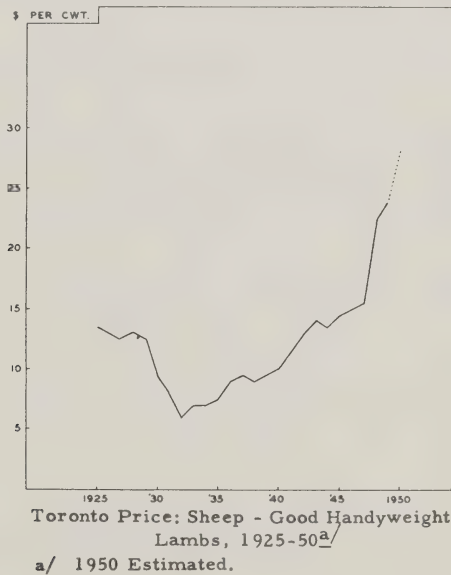
An increase of 30 per cent in sheep production from 1941 to 1944⁴⁴ resulted in increases in inspected slaughterings of sheep and lambs to the extent of 64,000 head in 1943 over 1942 and 60,000 in 1944 over 1943. Greater liquidation followed in 1945 and in 1946 when the wartime need for sheep and wool appeared to be less urgent. Slaughterings at inspected establishments in 1945 were greater than in the previous year by 220,000 head. But a new slaughtering record was set in 1946 which was 383,000 more than in 1942, - an increase of 46 per cent. The willingness of Canadian farmers to respond to an urgent appeal for more sheep was equalled by their readiness to liquidate their flocks to pre-war numbers when the danger had passed. Prevailing high prices for sheep and lambs and the memory of the price collapse affecting both sheep and wool which followed the First World War may have been important influences in favour of flock reduction in addition to the usual one of losses from predatory animals.

Mutton and Lamb Sale Agreements with the United Kingdom - The disposal of lamb and mutton carcasses became a responsibility of the Meat Board when surpluses developed. The first agreement with the United Kingdom for the sale of lamb and mutton was signed on August 14, 1944, after approximately 400,000 pounds of mutton and 700,000 pounds of lamb had been shipped to Britain in that year. The disposal of the larger quantities of lamb and mutton produced in 1945 and 1946 was accomplished under an agreement covering that two year period when 19.7 million pounds were shipped in carcasses from Canada to the United Kingdom. A third agreement for the sale of 10 million pounds was made in 1947 which produced shipments of 3.4 million pounds. A special agreement was made in 1948 for the shipment of 500,000 pounds ofutton, on which some 462,000 pounds was supplied. Although not anxious to buy mutton, the United Kingdom accepted a limited quantity to assist in clearing some Canadian stocks early in the year.

44. Canada Year Book and Monthly letter, Industrial and Development Council, Canadian Meat Packers, September, 1947.

Export of Canadian Lambs to the United States - While the production of lamb and mutton in Canada is small in comparison with that of beef and pork, the marketing of the wartime surplus over Canadian consumptive demand presented considerable difficulty until a place was found for it in the United Kingdom. Marketings of lamb in Canada during the first six months of 1944 were 20 per cent greater than in the same period of 1943, and this market pressure carried lamb prices below the ceiling level. Contrary to general wartime policy, which had placed obstacles in the way of shipping meat animals to the United States when meat scarcities developed in Canada in 1941 and 1942, Canadian export restrictions on the movement of sheep and lambs to United States markets were lifted temporarily on September 29, 1944. As a result, a total of 233,472 head were moved to the United States during the ensuing twelve months. The favourable wartime rate of exchange and the reduction of the United States duty on live lambs of \$3.00 per head to \$1.50 gave Canadian producers access to the United States market on terms practically equal to those enjoyed by United States producers.⁴⁵

Lamb Prices - Establishment by the Wartime Prices and Trade Board of satisfactory price ceilings for lamb was difficult owing to the seasonal nature of production and the need for special consideration of a limited supply of "hot-house" lamb produced for the Easter market. This was accomplished by a price differential for fresh as compared with frozen lamb as well as by month by month seasonal adjustments similar to the maximum prices plan for beef which had prevailed prior to August 21, 1943. A simplified price structure for lamb and mutton was announced in December 1943 and made effective during 1944. New Orders of the Wartime Prices and Trade Board established a single year-round price ceiling for all lamb except spring lamb during the period from January 1 to July 15 in each year. These arrangements, however, were less than satisfactory to sheep breeders who had hoped for higher prices for both meat and wool.



45. Total shipments during the previous seven years were only 261,981 head. This export movement to stabilize prices was discontinued in 1945 when the second agreement covering mutton and lamb was negotiated with the United Kingdom.

Post War Meat Agreements - The great achievements of meat production in war years shrank significantly in Canada, and particularly in the Prairie Provinces, when a hungry world offered fancy prices for wheat. To maintain the interest of Canadian farmers in hog production under these changed conditions the British Ministry of Food agreed to pay higher and still higher prices for Canadian Wiltshires. Deliveries under the Fifth Agreement (1944-45) for 900,000,000 pounds at a flat price of \$22.50 at Canadian seaboard exceeded the contract by 210 million pounds. The same price named in the Sixth Agreement held until April 1, 1946, when it was advanced to \$25.00. Successively smaller quantities were mentioned in the several Bacon Agreements negotiated after 1946, but in no case was the specified quantity delivered. This was due mainly to the declining interest in hog production when all grain was easily saleable. The price for Wiltshires written into the Seventh Bacon Agreement for delivery during the year 1947 was \$27.00 for up to 350 million pounds but not less than 265 million pounds. This price held until August 31 when it was raised to \$29.00. The Eighth Bacon Agreement for 225 million pounds (originally 195 million pounds, but changed by cancelling the unfilled portion of the current beef agreement and increasing the quantity of pork products) called for a price of \$36.00 per cwt. at Canadian seaboard, but it produced only 176.4 million pounds of product in 1948.

The Ninth Bacon Agreement called for delivery of 160 million pounds of bacon during 1949 at a price of \$36.00 per cwt., f.o.b. Canadian seaport. Less than half of this quantity was provided during that year, but additional shipments during the first six weeks of 1950 brought total deliveries to 100.5 million pounds. Another agreement negotiated in 1950 provided for the sale of 60 million pounds of bacon - the equivalent of the deficiency under the 1949 agreement - at \$29.00 per cwt. for Grade A Wiltshire sides, f.o.b. Canadian seaboard. The Meat Board was authorized to buy Grade A Wiltshires at a price of \$32.50 per cwt. as a price support measure.⁴⁶ Strong markets prevailed during the first three quarters of the year, making the fulfilment of the Agreement quite difficult.

The sale of beef to the United Kingdom during the post-war period also commanded higher prices for diminishing quantities. Shipments in 1944 and 1945 exceeded the maximum quantities specified and shipments during the term of the Second Agreement in 1946, were almost double the contract specifications of 60 million pounds. The Third Agreement in the following year, however, obtained only 40.5 million pounds, and the Fourth Agreement for 50 million pounds in 1948 was commuted to bacon after 16.9 million pounds had been supplied.

Supplementary Meat Agreements, Canned Meats, etc. - Of major importance although secondary to the Agreements with the United Kingdom Ministry of Food for enormous quantities of Wiltshire sides and cuts and lesser quantities of beef, lamb and mutton were the several other agreements relating to the procurement and shipment of livers, kidneys and tongues of cattle and hogs as well as oxtails, hog casings, lard and canned meats of which the principal one was pork. In some cases the earliest shipments of these products were made before a formal agreement was signed, and were the result of arrangements made through the Canadian office of the Ministry of Food.

Details of shipments may be found in an appendix to this Chapter. They indicate the variety and extent of these transactions which were of great service to the recipients of these products. The removal from the Canadian market of such

46. P.C. 323, January 20, 1950.

large quantities of special meat products was also beneficial to Canadian farmers in providing a measure of price stability since consumptive demand for edible by-products of the meat packing industry was less than the available supply in the period of maximum meat production.

The overseas demand for meats was strong in the immediate post-war years; and the Meat Board was the agency of Government used to export shipments of canned and processed meats provided by the Canadian Government for Military Relief and United Nations Rehabilitation as well as those destined for the United Kingdom under agreement with the Ministry of Food. As soon as possible, however, the control of exports was discontinued in order that that business could be resumed by the exporting meat packers.

Meat Board "Requirements" - Both the Bacon Board and its successor, the Meat Board, possessed very wide powers with respect to the procurement of meat for export during the war years. These powers related to "any edible product derived from cattle, calves, sheep, lambs and hogs whether in fresh or processed form, except milk and milk products and edible fats", but only insofar as they affected the fulfilment of any contract entered into by the Government of Canada or any agency thereof with any external government or any agency thereof. In that connection the Board had power to arrange with or require any packer or other person to ship and deliver meat of the kind, quantity and quality specified. It had power also to regulate the storage of meat and to determine the price to be paid delivered for export as required by the Board and to require any packer or other person to give priority to the processing and delivery of meat to the Board.

"Orders" issued by the Bacon Board and later by the Meat Board were few in number and were mainly designed to restrict and limit the supplies of pork distributed in the domestic market when it was found necessary to do so in order to obtain the quantities of bacon and other pork products required for export to the United Kingdom. An effort was made earlier in this Chapter to indicate the purpose and effect of the five Orders of the Bacon Board in respect to pork distribution and consumption in Canada.

The first Order of the Meat Board made on July 8, 1943, amended and consolidated the Orders of the Bacon Board and confirmed, as amended, all "requirements" and licenses issued by the Bacon Board. This Order also recognized the Order of the Wartime Prices and Trade Board providing for the licensing of all Canadian slaughterers of cattle, calves, sheep and lambs;⁴⁷ since at that time the Meat Board became responsible for the fulfilment of all export meat agreements as well as those relating to bacon.

Both the Bacon Board and the Meat Board also issued orders and instructions to the Trade in the form of Requirements. These "requirements" covered all matters affecting the Board's operations such as specifications and directions concerning the preparation of each product, its packaging, shipment and price.

Canadian Meat Packers Wartime Operations - The Meat Board was an essential link in wartime between the United Kingdom Ministry of Food and the Canadian meat packers who had meat to export. The meat packers normally buy a large proportion of the meat animals produced on Canadian farms. Their chief market for

47. Administrator's Order A.490.

meat is in Canada; but, with unusually large supplies during the war years, there was a large surplus which the Food Ministry of the United Kingdom wished the Bacon Board initially and the Meat Board in subsequent years to procure for them in accordance with the several agreements between the Governments of these two countries.

Excellent work was done by most of the Canadian meat packers during the war in slaughtering and processing meat animals far in excess of their operations in any similar period. The extent of these variations in volume of operations, both seasonal and annual, may be realized from a study of comparative statistics.

The fourth quarter of the year is the period of heavy marketing of Canadian cattle. The three year average of inspected slaughterings of cattle in Canada during the fourth quarter in 1937 to 1939 inclusive amounted to 262,776. During the same period in 1943 the number was 307,689, and this increased to 446,383 in the corresponding period in 1944, and to 653,845 in 1945.⁴⁸ In Manitoba and the

48. The peak of cattle slaughterings at inspected establishments occurred during the last week in November 1946 when 58,505 head were killed. Slaughterings of cattle and hogs at inspected establishments by quarters during the decade 1939-48 are shown in the following tables:

Table No. 7

Inspected Slaughterings of Cattle, by three month periods, 1939-48.

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
1939	191,607	196,400	223,439	261,128	872,574
1940	195,873	204,727	219,294	270,004	889,898
1941	202,709	218,873	269,076	313,443	1,004,101
1942	240,513	207,041	205,228	317,533	970,315
1943	199,717	242,795	271,133	307,689	1,021,334
1944	285,873	284,811	337,037	446,383	1,354,104
1945	413,683	320,753	431,866	653,845	1,820,127
1946	395,721	268,265	444,554	557,770	1,666,310
1947	280,428	264,085	296,544	452,189	1,293,246
1948	343,623	287,536	388,068	466,133	1,485,360
1949	316,627	297,521	389,320	435,714	1,439,182
1950	316,737	287,921	325,640	354,386	1,284,684
1951	259,929				

Table No. 8

Inspected Slaughterings of Hogs, by three months periods, 1939-48.

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
1939	807,648	760,223	753,932	1,306,566	3,628,369
1940	1,148,393	1,174,252	1,141,069	1,991,216	5,454,930
1941	1,572,734	1,429,460	1,196,342	2,075,315	6,273,851
1942	1,631,727	1,542,201	1,169,008	1,853,914	6,196,850
1943	1,584,686	1,693,430	1,392,474	2,502,960	7,173,550
1944	2,807,283	2,332,017	1,421,982	2,205,159	8,766,441
1945	1,920,481	1,412,236	909,171	1,441,839	5,683,727
1946	1,270,724	1,085,611	690,818	1,206,358	4,253,511
1947	1,015,746	1,154,331	740,924	1,547,159	4,458,160
1948	1,543,662	1,133,276	699,834	1,094,547	4,471,319
1949	968,187	917,539	740,107	1,472,669	4,098,502
1950	1,166,244	1,177,080	830,737	1,231,004	4,405,065
1951	1,105,461				

Hog Slaughterings by Quarter Years - 1939-50 inclusive

Quarter	12 year average	Maximum in 12 years	Minimum in 12 years
First	1,453,126	2,807,283	807,648
Second	1,317,638	2,332,017	760,283
Third	973,867	1,421,982	690,818
Fourth	1,660,726	2,502,960	1,094,547

West, the slaughtering of cattle during this last quarter of the year 1944 was 58 per cent above 1943 figures and 100 per cent more than the average of the same period in the years 1937-39. In Ontario and the East the difference was much less, although the percentages on the same basis of comparison were 27 and 36. The extraordinary movement of cattle at a time when hog marketings were also very heavy put a burden on stockyards and packing plants which taxed their capacity to the limit.

Records show that inspected hog slaughterings in the last quarter of 1943 were 2,502,960. During that quarter and the first quarter of 1944 the total was 5,310,243 head. The peak twelve months period was the last quarter of 1943 and the ensuing three quarters of 1944 when 9,064,242 head were killed and processed. For the year 1944 the inspected slaughterings of hogs were three times as many as in 1935 and twice as large as in 1946.

In the marketing of sheep and lambs, though less important numerically, there was a similar variation in the slaughterings in inspected plants. For example, the average number so slaughtered in the years 1937-41 was 804,431. The average for 1942-46 was 1,059,035. The peak was reached in 1945 when 1,270,035 were slaughtered and 100,911 head were exported alive to the United States. Slaughterings in 1946 were only slightly less at 1,214,198 head.⁴⁹

The several agreements with the United Kingdom which guaranteed a market for surpluses of Canadian meat and other animal by-products for several years undoubtedly simplified procedure in the marketing of meat surpluses and insured price stability for both producers and meat packers as compared with peacetime periods when fluctuating market runs produce alternately surpluses and deficiencies with consequent price fluctuations. But siphoning off supplies by the Meat Board and shorting the domestic market was troublesome to the packers who had also an important domestic market to serve. It is only fair to point out, however, the simple fact that Canadian meat packers adjusted their operations to cope with marketings of embarrassing proportions and handled them with great success.

Meat Inspection Service in Abattoirs - The Dominion Meat and Canned Foods Act is the authority under which meat inspection is carried on in a large number of plants in Canada where meat animals are slaughtered and processed. Inspection is not required unless the product enters into inter-provincial or export trade, and inspection does not extend to animals killed on farms or in plants which do only a provincial domestic business. Elsewhere inspection is compulsory, and places where it applies are known as "Inspected Establishments". Records of inspected establishments are published and constitute an important volume record of meat handling. "Farm kill", however, is largely estimated.

Inspected plants in 1946 which numbered 152 and were owned by 133 firms, handled 73.5% of the cattle, 51.4% of the calves, 72.3% of the sheep and lambs, and 53.8% of the hogs killed in Canada in that year. The remainder of the kill was handled by 40 firms with a provincial domestic business and about 8,000 others who operated for local slaughter alone. When domestic consumption of meats is considered, the percentage of animals slaughtered in 1946 in inspected establishments was 68% of the cattle, 51.4% of the calves, 68% of the sheep and lambs, and 43.8% of the hogs.

49. Monthly Letter, Industrial and Development Council, Canadian Meat Packers, September, 1947.

The percentage of inspected slaughter varies from year to year. Cattle slaughtered in inspected plants during five pre-war years were 68.1% of the total as compared with 61.1% in 1947 and 76.3% in 1948. With hogs the percentage varied from an average of 68.7% in the five pre-war years to 77% in 1944 and 60% in 1948.

The importance in an emergency of the smaller concerns in the meat trade of Canada was shown in September and October, 1947, when, because of a strike of packing house workers, some of the larger plants were closed for some weeks without causing any great scarcity of meat anywhere in Canada.

Cold Storage - To equalize export shipments of meat throughout the year it was of the greatest importance to the Meat Board and the meat packers to have adequate refrigerated space to store accumulations of meat during periods of heavy marketing of livestock.⁵⁰ Ample cold storage space was also indispensable when ocean transport was interrupted and ship loadings were delayed. Refrigerated warehouse space afforded opportunity to create a reservoir of carcasses for the curing cellars and permitted abattoirs to slaughter hogs far beyond their curing capacity. The Meat Board assumed storage charges on its stocks of meat while they were held for shipment.

These storage operations eased the pressure on prices during periods of heavy marketing of hogs and enabled the Meat Board to maintain a fairly regular flow of export product throughout the year and particularly during the third quarter when there is normally a decline in both numbers and quality of hogs coming to market.

Shipping Arrangements - The Food Ministry assumed the responsibility of providing ships for the movement of meat from Canada to the United Kingdom. In Canada the Transport Controller⁵¹ acted as traffic consultant to the Bacon and Meat Boards from January, 1940, to the end of July, 1945, and proved most helpful in planning the movement of meat shipments so as to co-ordinate and use available facilities most efficiently. In the early months of the war the exporting packers continued to book ocean space directly with shipping agents. Such bookings were assigned shortly after that time to the Board because of irregularity of ship arrivals and the urgent need to make economical use of space. Space booking was resumed by the exporters in the post-war period when normal movement of ships became possible.

The Bacon Board developed a system early in the war whereby the weekly 'put-downs' of pork products for export were regularly reported by telegraph to the Board by each of the exporting meat packers; and the Board then arranged with the Transport Controller for the procurement of suitable shipping space. Canadian ports were used whenever possible; but emergent conditions occasionally arose which necessitated shipment through United States Ports.

Documents covering export shipments of meat were handled at seaboard by cargo inspectors of the Department of Agriculture during the early months of the war; but as the duties of these men increased as a result of much larger movement of export produce this duty was assigned to export specialists from the produce trade

50. The average weekly inspected slaughterings of hogs were 105,799 more during the first quarter of 1944 than during the third quarter of that year.

51. T. C. Lockwood, General Freight Traffic Manager, Cunard White Star Line, Montreal.

at Montreal, West St. John and Halifax. These specialists handled seaboard documents and allocated carloads of bacon to designated ships so that the best available space could be used and export movements could be expedited. The Bacon (Meat) Board was given a preference in the choice of refrigerated space for the movement of its important products.

Seaboard Inspection of Exported Bacon - Bacon Agreements between Canada and the United Kingdom made during and after the Second World War have contained a requirement that bacon supplied under such Agreements should conform to pre-war standards. To fulfil that condition it was necessary to provide a Canadian inspection service satisfactory to the British Ministry of Food. Prior to the war, inspection was carried out in England by inspectors appointed by the Canadian Government. During the war years, however, inspections could not be satisfactorily made in the United Kingdom because of bombings and 'blackouts'. This inspection service was, therefore, transferred to Canada; and inspectors, acting under the supervision of the Bacon Board, were stationed at Atlantic seaboard in January, 1940, to inspect a definite percentage of all shipments of pork products to the United Kingdom. These inspectors checked all Canadian shipments of bacon destined for the United Kingdom to ascertain their condition, and with respect to grading, selection and workmanship, and they subsequently reported their findings to the Bacon Board. Other products were checked for condition and packaging and grade marks where applicable. If a product was found to be seriously defective it was rejected and turned back at seaboard to the packer concerned. As the export program developed, a system of monetary assessments was established with bacon whereby the shipper was charged a penalty for incorrect grading and selection and for defects in workmanship and condition of shipments. Whenever condition of the export product seemed to warrant an assessment in excess of 25 cents per 100 pounds as assessment tribunal composed of personnel of the exporting packers was set up at seaboard to work with the Government inspection service. The inspection system and the penalty assessments were very important factors in keeping the quality of product exported up to the standards required by the Canadian Bacon Grading Regulations.

At the height of the movement four inspectors were employed at seaboard. Another inspector was engaged throughout the war period in visiting bacon exporting plants in Canada for the purpose of checking the curing methods of the packaging of the product at the plants and of advising concerning improved methods of processing and handling. A standard cure for exporting plants was used in order that the bacon might be of uniformly high quality. This plant inspection service has been continued.

Under the Bacon Agreements the British Ministry of Food requested that all weighing be carried out by the Bacon Board at Canadian seaboard instead of being done in the United Kingdom as had been the practice before the war. Weighmasters hired by the Bacon Board gross-weighed a percentage of product from every carload. After due allowance was made for tare, these weighmasters issued certificates of weight to the Canadian Treasury Board office responsible for accounting and for payment to exporting packers. Claims assessed against an exporting firm for shortages below invoiced weights were credited to the British Ministry of Food.

The methods of inspection and weighing established in connection with the exporting of bacon were later applied to beef, mutton and lamb and to other packing house products such as livers, tongues and kidneys which moved in large volume to the Food Ministry during the war and early post-war years. After official

inspection at Atlantic ports the product became the property and responsibility of the British Ministry of Food which arranged for the supply of ocean transportation and shipboard accomodation and took delivery at Canadian seaboard. It was, however, subject to claim by the Ministry for inherent faults, errors, and shortages as covered by working agreements.

An Experiment in Refrigeration -- In the spring of 1941, officials of the British Ministry of Food asked the Bacon Board to examine the possibility of forwarding Canadian bacon shipments in ordinary unrefrigerated storage. It was then expected in accordance with the experience of the First World War that increasing losses of ships equipped with regularly installed refrigeration would necessitate the use of ordinary stowage at a time when there was a sharp increase in the volume of meat and other perishable products available for export to the United Kingdom.

A study was, therefore, undertaken in which the Bacon Board, the National Research Council, members of the staff of the Canadian Meat Packers and marine engineers of steamship companies participated in examining the possibility of installing portable refrigeration in the holds of ships not normally provided with refrigeration.

As a result of these studies, authority was given the Agricultural Supplies Board in May, 1941, to make an experimental installation of a portable refrigeration unit in a hold of 55,000 cubic feet capacity made available by the Transport Controller. Three test shipments of bacon and cheese were made successfully before the ship was lost at sea on its third voyage after being so equipped. This test proved so satisfactory for North Atlantic traffic that a number of other unrefrigerated ships were similarly equipped by the British Ministry of Transport after certain alterations in the system had been made in accordance with proposals of the British Ministry of Food as a result of their experience of trial shipments in the vessel originally equipped in this manner.⁵²

Western Farmers' Complaints re. Grain and Freight Policies -- The introduction of Advance Equalization Payments on oats and barley, described in Chapter 4, disturbed and made the hog-barley price relationship less favourable for prairie farmers who grew their own hog feed. This occurred at a time when the volume of hog marketings was approaching its peak, and prairie farmers were contributing about 65 per cent of all hogs marketed commercially in Canada. The equalization payments did not affect hog producers who bought feed grain. To them the premium payments of the Canadian Government for top quality hogs amounting to \$3.00 per head for A Grade and \$2.00 per head for B1 Grade carcasses which came into effect on January 10, 1944, were clear gain. But the prairie grower of grain which he fed to hogs regarded these quality premiums as mere compensation for the loss of equalization payments on such grain. While the advance equalization payments were announced on September 27, 1943, the quality premiums unfortunately were not available until January 1944, after the normal pig breeding season on prairie farms had passed.

It is debatable whether there would have been greater acceptance by Prairie farmers of other phases of the production program if the Advance Equalization Payments on oats and barley had not been introduced. When Western grains were made available to Eastern and B.C. feeders on an assisted freight basis, Western farmers

52. The system is described in a paper "Wartime Refrigeration of Foods for Transport at Sea", by W.H. Cook and T.A. Steeves, in Refrigerating Engineer, December, 1942.

believed that such freight assistance gave farmers nearer to the Eastern seaboard a price advantage greater than they themselves possessed.⁵³ In addition to the freight assistance on feed grains there was the "drawback" on Western grains which was available to all feeders outside the prairie region and to those in the prairie region who bought oats and barley for feeding and did not sell any of the kind of grain on which they claimed the drawback.

It is probable that these freight and drawback payments would have been less of an irritant to Prairie farmers if the Advance Equalization payments had not existed. But apart from the Advance Equalization Payments a feeling of grievance was aroused in the Prairie region by this combination of assistance to Eastern farmers. It is suspected, however, that Westerners lacked a knowledge of the production costs of Eastern farmers and that if those had been better understood the Government policies which the Prairie farmers disliked would have been less objectionable to them.

On this point mention may be made of a statement sent to a Saskatchewan farmer in 1945 by one of the meat packers in which his position as a producer of hogs is compared with that of an Ontario farmer using Western barley in his feeding operations. The writer set out in detail the various items of cost and the relative prices of grains and the returns to be derived from feeding them to hogs. His conclusions, which appear to be amply warranted, were that the farmer at Prince Albert, Saskatchewan, who fed hogs with grain grown on his own farm would have realized at market time a gain of \$8.48 per hog; if he purchased all his feed he would have had a gain in excess of the cost of feed of \$12.68 per hog; and that the Ontario farmer who had received freight assistance of \$4.50 per ton for movement of feed grain with barley at market prices and with a drawback of 25 cents per bushel on what Western wheat he fed would derive a gain over feed cost of \$11.13 per hog. On the basis of that calculation the Saskatchewan farmer in feeding his barley was getting a return of \$1.02½ per bushel while the Ontario farmer would net \$1.15½ per bushel, a difference about equal to the maximum freight on grain from prairie points to the Lakehead.

A circular issued by the Alberta Department of Agriculture⁵⁴ indicated a similar relative return to Alberta farmers from grain fed to hogs and a somewhat lower net return to the Ontario feeder; but in this calculation the value of the premium paid by the Ontario Government was not taken into account. Some corroboration of this viewpoint is given by a letter from a well known Saskatchewan farmer (Frank Richardson) which appeared in The Western Producer on May 8, 1947.

How seriously this East-West price relationship was regarded is evident from the publications issued by agricultural colleges and from articles which appeared in the Farm Press of that period. These official statements were designed

53. Freight on bacon and hams per 100 lbs. shipping weight (1939 to 1948) from a few representative points to Canadian seaboard were as follows:

<u>From</u>	<u>to Montreal</u>	<u>to Halifax or St. John</u>
Moose Jaw	\$1.105	\$1.125
Winnipeg	.83	.85
Toronto	.315	.355
Montreal	....	.31

54. Alberta vs. Ontario Hog Production Costs Compared. A. J. Charnetski, Livestock Supervisor. Alberta Department of Agriculture. Processed Leaflet 1947

to show that swine production by an experienced and capable operator was still quite profitable as compared with commercial disposal of grain. Contemporary "Letters to the Editor" showed, with a few exceptions, that these price irritations were undermining the patriotic enthusiasms, which, with other favourable circumstances, had expanded swine production in the Prairie West to unprecedented volume.

Since grain prices in Canada during the war were a reflection of Government policy, the views of the Canadian Minister of Agriculture, with respect to them, are of particular importance. These were presented in a radio broadcast as well as in a speech given in the House of Commons.⁵⁵ Extracts from the radio address are given verbatim in an appendix to this chapter.

Where Should Price Incentive on Feed Grains Apply? - While the merits of the wartime price structure designed to insure ample production will doubtless long be a subject for debate, it is hoped that something less rigid may be developed if, unfortunately, it should again be found necessary to construct a system of price controls as a part of a program of national defence. In such an emergency efforts should be made to avoid the necessity of establishing price ceilings for grain used domestically for the production of meat or other animal products. Equitable prices for the resulting product should ensure the production and the use of feed grains for livestock production. Guaranteed minimum prices for grains would provide protection to grain growers and accrued profits from grain sold for export could be distributed through growers participation certificates.

Canadian-United States Trade in Animal Products - Under normal conditions when trade in livestock and livestock products between Canada and the United States was conducted without restraint, substantial trade of mutual benefit occurred whenever price conditions were favourable.⁵⁶ Such trade was progressively stopped during the war by Canadian Government action in order that the Canadian economy could be insulated and isolated as a means of making price control effective and to provide larger supplies of meat and other farm products to meet Canadian needs and commitments. Another important reason for this restrictive policy was that the United States was itself supporting a huge lend-lease program in which food was a substantial item, and it did not then seem to be expedient that Canadian food surpluses should be bought with United States dollars for lend-lease purposes.⁵⁷

Despite the existence of these wartime restrictions on the exchange of meat and meat animals between Canada and the United States for a period of years, there was continuous exchange of information as well as an over-all control of movement of scarce commodities through the Combined Food Board. Thus Canadian food surpluses went to certain countries which Canada was best able to supply, and United States surpluses of commodities in which Canada was deficient were shared with Canada and other allied countries as a part of a combined policy of equitable distribution.

55. Hansard, March 17, 1947.

56. Since 1926, hog prices in Chicago have been significantly higher than Toronto prices in only 8 of the 23 years.

57. In the post-war period, when farm products of U.S. origin were declared to be in surplus supply, there was a tendency to restrict the use of E.C.A. funds to the purchase of such surpluses; although E.C.A. funds available to the United Kingdom were used extensively to purchase food in Canada during 1948 and 1949.

The difficulty of unscrambling artificial trade lines developed during the war was left as a post-war administrative legacy which is being solved by degrees.⁵⁸ In justification of the course that was followed it is claimed that if Canadian trade with the United States in meat animals and animal products had not been controlled during the war, the level of all prices in Canada would have risen earlier with an important inflationary influence upon war production costs and that a greater increase in public debt through Canadian war financing would have resulted. That these costs did increase substantially when wartime controls were removed lends validity to this claim.

Responsibility for Food Supply and Price Control - Within the orbit of government responsibility at the National level were three important agencies which could and should have been more effectively correlated in the early stages of the war with respect to the production, pricing and distribution of food. These agencies were the Agricultural Supplies Board, the Bacon (Meat) Board and the Wartime Prices and Trade Board. It may be recalled that the first of these was set up "in order to insure that the agricultural resources of Canada shall be utilized to the best advantage during the war." The second was formed because it was necessary in connection with the bacon agreement between the United Kingdom and Canada "to insure that regular and sufficient supplies will be available for export as required and that satisfactory prices will be paid to hog producers, to control the marketing of bacon and other hog products and to store bacon or other pork products produced during seasons of heavy hog production to supplement supplies of seasons of light hog marketing;" and the third had the special duty to "provide safeguards under war conditions against any undue enhancement in the prices of food, fuel and other necessities of life and to ensure an adequate supply and equitable distribution of such commodities." In the performance of these tasks the Wartime Prices and Trade Board had power to control imports and exports of any necessities of life, while the Bacon Board had sufficient statutory power to see that available supplies of meat were appropriated to fulfil the several agreements with the United Kingdom Food Ministry.⁵⁹

During the war there were few, if any, administrative problems relating to price control which were more intricate and difficult than those which arose from the marketing and distribution of meat and the maintenance of control over prices. Inadequate supplies or faulty distribution of available supplies at a time of full employment invited denunciation and encouraged black marketing.

When scarcities of foods and other essential supplies occurred in Canada during the war, the deficiency was met as far as possible through importation by the Commodity Prices Stabilization Corporation of those products not otherwise obtainable and by subsidizing, if necessary, in order that such importations could be sold in Canada within the authorized price ceilings.

58. Shipments of pork products were allowed to move between Canada and the U.S.A. at the end of 1950.

59. Not to be overlooked in this connection are the Dairy Products Board and the Special Products Board. The former exercised similar controls over dairy products and the latter handled poultry and other products sold under agreement to the United Kingdom.

The Wartime Prices and Trade Board was highly successful in curbing the advance in food prices and living costs when personal incomes, expanded under the influence of huge war expenditures, created an enlarged demand for foods and especially for meat and dairy products. But its failure to utilize sufficiently the advice and assistance available in the Department of Agriculture discouraged and prevented the whole-hearted co-operation which might have existed.

It is true that co-operation and co-ordination of these responsible agencies was invited when the Wartime Prices and Trade Board was instituted and these attempts, up to a point, were successful. Two members of the Agricultural Supplies Board, one of whom was the Chairman, were ex officio members of the Wartime Prices and Trade Board. The first Foods Co-ordinator of the Wartime Prices and Trade Board was also Chairman of the Bacon Board. The Bacon Board and the Foods Administrator, as well as the Agricultural Supplies Board, had advisory committees with farmers and members of farmer's organizations on their membership. A number of administrators served both organizations. This galaxy of expert advisers should have enabled the Prices Board to steer a course safely between the difficulties of supply and price control. That this was not always done may have been because the Prices Board did not feel bound to be guided by the advice of agricultural officials and occasionally acted contrary to the advice which they gave.

The situation was somewhat improved in 1943 when the Agricultural Food Board composed of some of the senior officials of the Department of Agriculture was formed and given the duty and responsibility of co-ordinating government policies concerning food production and the payment of producers' subsidies.

In review, it may be claimed that the great achievement of Canadian farmers in providing meat for wartime needs established a record far in advance of any previous comparable accomplishment. Prime essentials to success were an over-all abundance of feed grain and a system of subsidized grain distribution to compensate for local feed deficiencies. Resolute and competent husbandmen aided by kindly nature provided the former and Government agencies established the latter. In contrast with grain growing, which has become progressively mechanized, animal production still depends to a great degree upon manpower. War industry and the armed services strongly competed with agriculture for a diminishing pool of workers. This competition, in the later years of the war, became an adverse factor with respect to the production of meat animals and particularly of hogs. The greatest single incentive to animal production is the hope that material gain will result from the operation. This is particularly true of hog raising. The hog-barley ratio shows that this inducement was unusually effective in the early stages of the war. The unusual abundance of grains in 1942 and 1943 when marketing of grain was rather difficult, pushed hog production to unprecedented heights even when the hog-barley ratio was becoming less potent as a production factor. When farm income increased to a comfortable level and income taxes began to take an unaccustomed bite out of profits from livestock, and more particularly, when an insatiable demand arose for wheat, the interest of Prairie farmers in hog raising declined.

From this sketchy review it seems clear that the level of hog production can be raised to new heights whenever there is a combination of three prime factors, namely: ample feed supplies, a sufficient price inducement and a great national need. Much can be accomplished through a favourable combination of the first two; but all three of them are essential for maximum achievement. It should also be clear that the mechanics of price control should not be set up on a basis liable to discourage or obstruct any important wartime food production effort.

Appendix

Extract from Report of Canada Packers Limited to Shareholders for 12 months
ended March 27, 1947.

The very low profit on Live Stock and Other Farm Products, 1/30c per lb., was due to conditions arising out of war controls. On all these products, especially meats and poultry, supply was much below demand, and prices paid by black market operators were, for long periods, above the equivalent of the established ceiling prices.

During those periods, processors who respected the ceilings were forced either to buy the live stock at prices involving loss, or to withdraw from operations. For the regular firms in the Packing Industry to cease purchasing live stock was, of course, impossible. Therefore, the losses had to be taken.

In this situation, the record of the Packing Industry as a whole was a highly creditable one. With only rare exceptions, inspected packers, large and small, scrupulously adhered to the regulations and did everything in their power to assist the officials of the Wartime Prices and Trade Board.

On their part the directing officers of the Board made a strenuous and continuous effort to enforce ceilings. But the task was a difficult one.

The difficulty was that of securing evidence. Only two persons, the seller and the buyer, knew the facts of illicit transactions. As both these persons were exposing themselves to heavy penalties, they were most undependable witnesses. The record of the illicit transactions, in the accounts of seller and buyer, furnished no evidence. Goods were invoiced at ceiling prices. Payments in excess of ceiling were in currency, and were made 'under the counter'.

In the main, violations were confined to processors on the fringe of the Industry. These persons found themselves in a position to greatly increase their volume, at margins of profit much higher than normal. The fact that they were spread throughout the cities, towns and villages of all Canada made the task of catching up with them a very difficult one. In relation to offences, there were extremely few convictions.

Under war conditions, steps had to be taken to ensure an even distribution of the available food. The necessary war effort could not otherwise have been sustained. The Wartime Prices and Trade Board was set up for this purpose. It was directed at the top by a group of men of the highest ability and character. The job they did was one of the most essential of Canada's total war effort. On the whole it was highly successful. But its enforcement of ceilings in respect of food left much to be desired.

The following notes are set down in the hope they may prove useful in the field of animal products, if the necessity to establish controls should again arise:

1. When food is scarce and purchasing power high, enforcement of ceilings is a most difficult task. The public may unreservedly endorse the principle of price control, but public opinion, of itself, cannot be counted upon to check illicit operations.

2. Only by an alert and firm Enforcement Branch, can controls be made effective. The post of Chief Enforcement Officer calls for a man with the highest qualifications of ability, courage and cool judgment.
3. In respect of meats, illicit transactions begin at the stage where the meats pass from the processor to the retailer. But the retailer is clearly an unwilling participant. He does not wish to pay more than the ceiling price, and with intelligent leadership could be secured as an ally of the Enforcement Branch.
4. Enforcement is bound to fail unless penalties are severe enough to deter offenders. (A fine of a few hundred dollars is no deterrent to a violator who is making illicit profits of thousands.)
5. Cancellation of license is the ultimate and the only effective deterrent. This is a drastic penalty which should be imposed only in case of flagrant and repeated violations, involving the head of principal officers of the firm. Only a few cancellations would be necessary.

One result of black market operations was that producers received a higher price for their live stock than the equivalent of the ceiling.

It is only just to point out that this involved no breach of the regulations, either technical or moral, on their part. Their animals were sent to market as usual, and were sold on the market, openly, to the highest bidder. No other system was possible.

The Wartime Prices and Trade Board wisely refrained from imposing ceilings on live stock. This was tried in United States and proved completely unworkable.

CHAPTER 12

DAIRY PRODUCTION

The great importance of dairying in the second world war was more fully realized when the United Kingdom Ministry of Food indicated in 1940 its desire for substantial quantities of Canadian Cheddar cheese and requested the establishment of a government board to act as the agency through which Canadian dairy products would be procured for shipment to the United Kingdom. This brought about the establishment of the Dairy Products Board in May, 1940.

Canada's commitments to the United Kingdom with respect to cheese during the war called for the delivery of 590,000,000 pounds and the relative shipments amounted in the aggregate to 589.9 million pounds. Additional shipments of 357.7 million pounds of cheese were made during the years 1946 to 1949 inclusive. Very large shipments of processed milk were also provided, especially in the later years of the war decade.

Dairy farmers in Canada readily assumed responsibility for an increase in the production of milk and made a milk production record in 1944 which surpassed 1939 by 11.4%. This was accomplished by herd improvement over the preceding years, and by better feeding and management, since the number of milk cows in Canada was slightly less in the war and post-war years than during the five years immediately prior to the war.

Table No. 1

Numbers of milk cows and production per cow. Canada 1920-48.¹

	Thousand head	Milk production per cow
1920-24	3,123	3,905 pounds
1925-29	3,304	3,930
1930-34	3,550	3,941
1935-39	3,780	4,043
1940-44	3,736	4,559
1945-48	3,777	4,538
1949-50	3,614	4,604

In this production effort the dairy farmers were greatly aided by the Agricultural Supplies Board which was prompt to respond to their requests for increased supplies of concentrated feeds for dairy cattle and, with the assistance of the Wartime Prices and Trade Board, brought about arrangements described in earlier chapters whereby millfeeds were made available to dairymen in larger quantities and on a favourable price basis. The Government freight assistance policy permitted a much greater use in other parts of Canada of prairie grown grains and thereby enabled dairy farmers in regions well adapted to dairying to reduce grain production and increase their acreage of hay and pasture crops in order that larger herds could be maintained. To increase production of fodder the Government supported the recommendation of the Agricultural Supplies Board for the subsidizing of fertilizers in which both the Commodity Prices Stabilization Corporation, and the Department of Agriculture rendered outstanding service. When milk cans became scarce through deterioration from use, the Agricultural Supplies Board made arrangements whereby allocations of tin became available for the re-tinning of used cans and

1. Trends in Canadian Dairying. M. Rachlis. The Economic Annalist, Vol. XX- No. 3

for use in making new cans to match the increase in milk production. The Agricultural Supplies Board was also instrumental early in the war in preventing the export of calves stomachs, in order to avoid a scarcity of rennet for cheese making, when supplies from Poland seemed likely to be cut off. And the publication of agricultural information in the form of wartime pamphlets was particularly helpful to newcomers in dairying.

The Wartime Prices and Trade Board was keenly interested in dairy production and in maintaining sufficient supplies of dairy products in Canada to avoid scarcities in the domestic market as a result of the increasingly large exports of cheese. They also became more intimately involved when the subsidizing of milk was undertaken as a means of preventing undue increases in the cost of living index, which then appeared inevitable. These consumer subsidies paid by the Commodity Prices Stabilization Corporation of the Wartime Prices and Trade Board to reduce the cost of living, were in effect from December 2, 1942, to May 31, 1946. Subsidies to producers of milk and butterfat were also introduced by the Wartime Prices and Trade Board, to maintain and, if possible, to increase milk production without adding to the cost of dairy products bought by Canadian consumers; but this duty was later transferred, on April 30, 1943, by Cabinet decision to the Agricultural Food Board² which was thereafter responsible for the payment of a number of producers' subsidies.

There were a number of discouraging factors. Both the scarcity and the high cost of manpower made dairying more difficult in the latter years of the war, although provision was made in the administration of the National Services Mobilization Act to recognize the needs of agriculture in comparison with the pressing demands for men for the armed services in a period of national crisis. Another condition detrimentally affecting dairying in the Prairie Provinces was experienced when increased grain prices and more favourable yields brought more and more farmers into the group of income tax payers. It was natural under such conditions that some of them should relinquish the more tedious duties of dairying and concentrate on the growing of grain. Some of these factors affected prairie farmers more than others and caused a withdrawal from dairying which in the prairie region had increased spectacularly during the war, although it was in the aggregate much less important there than in the central provinces of Canada.

Dairy Products Board - The Dairy Products Board was given power to regulate the export of dairy products in order to carry out the agreement made between the Governments of Canada and the United Kingdom. The Board had power to require any manufacturer or exporter "to store dairy products for future delivery to the United Kingdom Ministry of Food; to determine the prices to be paid; to inspect dairy products delivered or to be delivered pursuant to requirements of the Board; to require priority of delivery; to fix the minimum prices to be paid; to require periodical returns and to license exporters of dairy products." These powers were subsequently amended and enlarged.³

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2. The Agricultural Food Board, established on March 1, 1943, was formed to develop the policies of the Department of Agriculture in the production of food in wartime.
 3. See Appendix to Chapter 3.

The Dairy Products Board did not buy and sell dairy products but acted only as an agent, with the exporter invoicing the goods to the British Ministry of Food at agreement prices. The policy of the Dairy Products Board was to carry out its operation with the least disturbance of peace-time procedure and to utilize available facilities by arranging to purchase its requirements from those firms already established in the business of exporting dairy products.

The principal dairy products exported through the Board to the British Ministry of Food were Cheddar cheese, evaporated milk and dried skimmilk, although small quantities of creamery butter and dried whole milk were also exported. While each product exported by agreement will be more fully covered in this report, brief statements under the headings of Cheese, Evaporated Milk and Dried Skimmilk are set forth at this time because of the differences in procedure in arranging shipments.

Cheese - Exporters of cheese did not contract with the Dairy Products Board or give any advance undertaking of the amount of cheese they would tender to the Board, as their offerings were dependent upon the volume of production and the amounts they were able to purchase on county cheese boards. The method of operation with respect to cheese was that the factories followed the usual custom of selling cheese each week on the county cheese boards and exporters attended the Board meetings and made their purchases. Following the county cheese board meeting, the buyers tendered their cheese to the Dairy Products Board. The Board in turn accepted the tenders and either requested the exporter to store the cheese for future delivery or to make prompt delivery to the dock for export.

Evaporated Milk - The method of operation with respect to evaporated milk differed from that of cheese in that, in every instance, the manufacturer was the exporter. At the beginning of the season, each manufacturer or exporter gave an undertaking to the Dairy Products Board as to the number of cases of British Standard evaporated milk he was prepared to deliver against the contract. This undertaking on the part of the exporter was not regarded as a contract with the Board as it was subject to revision should circumstances peculiar to the company necessitate such action. Each week the manufacturers tendered to the Board the number of cases of evaporated milk they had packed ready for shipment. The Board in turn accepted the tenders and as best suited its requirements, requested the manufacturers either to store the goods or to make prompt delivery to the dock for export.

Dried Skimmilk - The method of operation with respect to dried skimmilk followed the same general pattern of procedure as that outlined for cheese and evaporated milk. In most instances, the manufacturer was the exporter, the exception being a few brokers who handled shipments for a number of small manufacturers. As car lot shipments of dried skimmilk were accumulated by the manufacturer, the Dairy Products Board was asked to have the product graded; and after that had been done, the product of First and Second Grade quality was tendered to the Dairy Products Board for export. It was the custom of the Board to accept such tenders and either to request the exporter to store for future delivery or to make prompt delivery to the dock for export.

Cheese Price Changes - When the initial agreement with the United Kingdom for Canadian cheese was made in 1940 commodity prices were relatively low and the value of New Zealand cheese affected Canadian prices to such an extent that the 1940 agreement price was 14 cents for No. 1 quality on ship or on railroad cars at Montreal. But dairymen also benefitted from the Canadian Government's previously instituted policy of paying a bonus for the production of high class cheese to the

extent of 2 cents per pound for cheese grading 94 point score or higher and 1 cent per pound for 93 point score cheese.

The 1941-42 cheese contract was made on the basis of 14.4 cents per pound. That price, however, was found to be too low; and it was subsequently supplemented by the Canadian Government to the extent of 1.6 cents per pound in two increases making a total return of 18 cents per pound to the vendors in the case of 94 point score cheese.⁴

During the greater part of the war the agreement price paid by the United Kingdom for Canadian cheddar cheese was 20 cents per pound f.o.b. factory shipping point or grading station, with the possibility of the producer earning the Canadian Government quality premium in addition to the subsidizing payments made by the respective Provincial Governments. In the post-war period, agreement prices for highest grade cheese were increased to as much as 30 cents per pound. Wartime prices, however, were not always sufficient to obtain the desired production in the face of rising costs, and milk subsidies for cheese as well as other dairy products were paid from time to time, as will be shown later, to maintain cheese production as compared with other uses for milk.

Procurement Methods - The Dairy Products Board experienced difficulty at times in obtaining sufficient cheese to meet Canada's commitments to the United Kingdom. Its chief method of procurement was to requisition supplies from the cheese factories. During the requisitioning period the entire output of factory cheese was made available to the Board pursuant to its orders. The Dairy Products Board also had power to control the kind, size and colour of cheese to be made and had broad general powers with respect to supplies of cheese and other dairy products wherever stored in Canada. Since Ontario and Quebec are the chief areas of cheese production

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4. P.C. 3696, May 30, 1941. On February 1, 1941, the Ontario Government authorized the payment of 2 cents per pound on all Cheddar cheese produced in Ontario during that year. This was subsequently renewed from year to year during the time when Canadian cheese was requisitioned by the Dairy Products Board for export to the United Kingdom. Producers in Ontario would, therefore, receive during the period of this contract 20 cents per pound for 94 score cheese.

The supplementary payments authorized by the Governments of Canada and Ontario in 1941, implied a recognition by them of the claim by Western Ontario dairymen, made in London, Ont., in January, 1941, that the cheese agreement between the Governments of the United Kingdom and Canada made some months previously was not equitable.

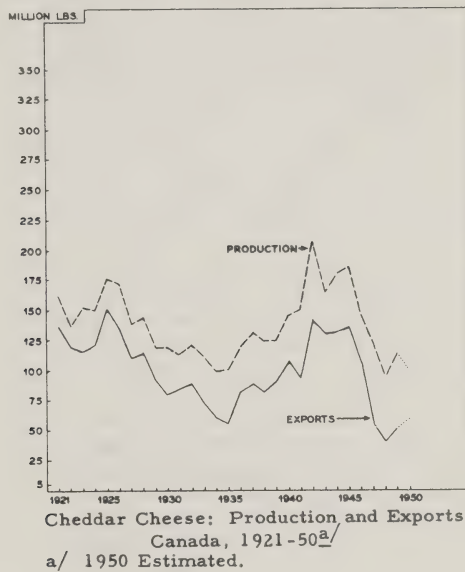
Quebec bonused cheese production about the same time.

Provincial Bonuses on Cheese

Ontario - Started February 1, 1941, on the basis of two cents per pound, on all Cheddar cheese produced in the province. Bonus paid during 1947 and 1948 was only on cheese requisitioned for export by the Dairy Products Board.

Quebec - Bonus paid on basis of two cents per pound, on all First Grade cheese produced in the province. Started May 1, 1941 - stopped December 1, 1942. Again started on July 1, 1943, and stopped November 1, 1944.

in Canada and the other provinces are in this respect deficiency areas, the control of interprovincial shipments of cheese by the Board was a means of lessening consumption. The Board, moreover, controlled the production of processed cheese by initially restricting the output and by subsequently controlling sales of cheddar cheese for processing and by preventing the erection of additional plants for the production of processed cheese. When butter supplies became scarce, further controls on uses of butterfat in milk were applied with a view to lessening the quantity of butterfat used in ice cream or sold as whipping cream.⁵ Controls were applied with respect to the volume of sales of ice cream and sherbet, and volume limits were later set for the production of these commodities for civilian use but not for the armed services or hospitals. In these various ways restrictions were imposed on the use of certain dairy products, in order that the more essential commodities - fluid milk, cheese and butter - would be available in greater supply for export as well as for domestic use.



Production Incentives - Britain's need of Canadian cheese provided a test of Canada's ability to produce the quantities specified in the several agreements. A growing need in the domestic market for dairy products and an enlarged demand from overseas for condensed and evaporated milk for military needs and for prisoners of war combined to make a very tight situation with respect to dairy products.

It is estimated that sales of fluid milk in Canada in 1945 exceeded those of 1939 by 33 percent. The per capita consumption of fluid milk increased

5. Production and sale of sherbet and ice cream increased, but their use may have been checked by these controls.

from .87 pints in 1940 to 1.02 pints in 1945; and the annual average consumption of 2,880,228,000 pints in 1935-39 increased to 4,334,123,000 in 1945.⁶

Per Capita Consumption of Milk (Includes Cream)

<u>Year</u>	<u>Milk per Day</u> <u>Pints</u>	<u>Year</u>	<u>Milk per Day</u> <u>Pints</u>
1925	0.86	1938	0.88
1926	0.85	1939	0.87
1927	0.80	1940	0.87
1928	0.77	1941	0.86
1929	0.75	1942	0.92
1930	0.80	1943	0.98
1931	0.86	1944	1.01
1932	0.83	1945	1.02
1933	0.82	1946	1.02
1934	0.84	1947	0.97
1935	0.83	1948	0.91
1936	0.84	1949	0.91
1937	0.82	1950	0.89

The respective uses of milk produced in 1945 is estimated to be 40% for butter, 23% for use as fluid milk, 12% for cheese, $3\frac{1}{2}\%$ for concentrated products, $\frac{1}{2}\%$ for ice cream and the remainder for use on farms and for feeding.⁷

The increase in the consumption of fluid milk was, no doubt, due to some extent to rising incomes resulting from greater numbers of persons being in gainful employment; but an important factor was the reduction of retail milk prices by 2 cents per quart which occurred in December, 1942, and remained in effect to May 31, 1946. This action to reduce prices of milk at consumer level was taken by the Wartime Prices and Trade Board as a practicable means of delaying a threatened increase in the cost of living index which would have required the payment of wage bonuses on a substantial scale. So that producers would not suffer from this reduction in milk prices they received the same amount as before through an equivalent payment of the amount by which retail prices were lowered. This was done through the processors and distributors of fluid milk. This subsidizing of consumers in the interest of price stability was carried on by the Wartime Prices and Trade Board from December 3, 1942, to June 1, 1946 and cost a total of \$70,662,490.

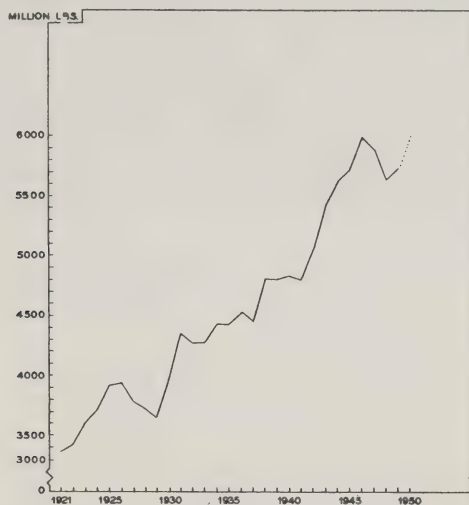
At the time this arrangement was made it was feared by producers and distributors of milk that the reaction of consumers to higher prices for milk at the termination of the subsidy would be detrimental to the dairy industry. It is probable however, that their apprehension was not fully warranted since other food costs rose proportionately, and milk was still a cheap commodity in terms of food and health values.⁸

6. There was a rather sharp decline in Ontario when milk prices paid by consumers rose about 60% within a few months and consumption fell from a peak of 40 million quarts to between 36 to 37 million quarts per month. Presumably the advance in retail prices was a factor in this decline. It is noteworthy, however, that monthly sales of fluid milk had risen from 20 million quarts in 1939 to 40 million quarts in 1946. (Data compiled by National Dairy Council of Canada.)

7. Unpublished report of Agricultural Food Board.

8. By the end of 1950 the price of milk was close to double the prices at which it was sold when the consumer was subsidized during the war.

Other subsidies were introduced for the definite purposes of increasing milk production or of diverting milk to specific uses. These were truly producers' subsidies in that they increased the income of producers by the amount of the subsidy. Subsidies on milk for direct consumption and on milk used for processing as condensed and evaporated product were introduced by the Wartime Prices and Trade Board on December 22, 1941, and on butterfat in cream for churning on July 6, 1942. When the Agricultural Food Board began operations on May 1, 1943, the Wartime Prices and Trade Board ceased to pay subsidies to producers. Subsidies on fluid milk for consumption and on milk for concentrating were continued until September 30, 1946, while the subsidy on butterfat in butter was continued until April 30, 1947. The subsidizing of milk for cheesemaking, begun on October 1, 1943, was also continued until April 30, 1947.⁹



Fluid Milk Consumption^{a/}, Canada,
1921-50^{b/}

^{a/} Includes fluid sales of milk and cream
plus farm home consumption.

^{b/} 1950 Estimated.

The chief purpose of the fluid milk subsidy to producers was to increase supplies to meet increased demands for fluid milk from army camps and from cities, and towns throughout Canada where war industry had caused concentration of population and increased purchasing power among low-income sections of the community. In the administration of the fluid milk subsidy, the Agricultural Food Board had the advice and assistance of the Provincial Milk Boards or Commissions concerning prices and subsidies which they considered producers should receive. Subsidies were paid on milk for fluid distribution in specific market cetnares rather than on a regional basis.

9. See Federal Agricultural Assistance Programs, Canada, 1900-1951, page 32. Marjorie R. Cameron and Frank Shefrin, Economics Division, Department of Agriculture, Ottawa. Processed, April, 1952.

In dealing with the need and the amount of subsidy for any distributing centre the Board was guided by certain principles which applied across Canada, one of which was to maintain the price relationship existent between markets during the base period. However, exceptions were made in certain local situations where unusual demand had arisen.

Subsidies on manufactured dairy products were paid either on whole milk or on the butterfat contained in the milk, but not on both; and rates of subsidies were varied from time to time and from season to season as seemed most likely to obtain the desired output of Cheddar cheese, creamery butter and concentrated milk products respectively.

When the payment of subsidies on fluid milk for consumption were withdrawn on September 30, 1946, the control of milk prices became the responsibility of Provincial Milk Control Boards.

Table No. 2

Summary of Subsidies for Dairy Products¹⁰

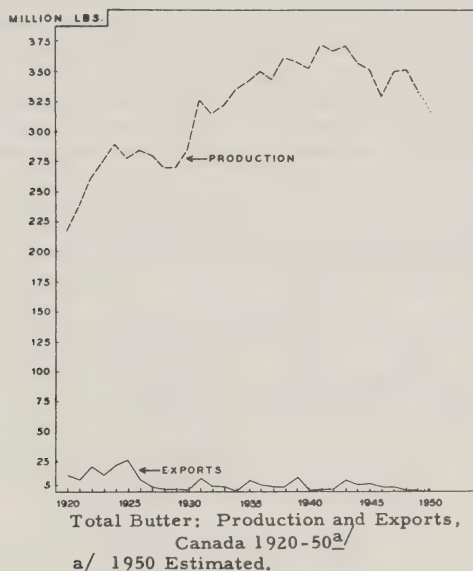
The following table gives a complete list of subsidies paid on dairy products for the purpose of lessening consumer costs or of bringing about greater production for export without increasing the prices paid by food consumers in Canada.

To producers of milk for fluid use	W.P.T.B.	\$ 5,832,703
	A.F.B.	44,452,067
To distributors of fluid milk as a subsidy to consumers	W.P.T.B.	70,662,490
	A.F.B.	12,194,050
To producers of butterfat for churning	W.P.T.B.	88,069,000
	A.F.B.	14,675,000
To producers of milk for cheese	A.F.B.	6,089,000
	A.F.B.	127,743
To transporting agencies for moving butter to deficiency areas	W.P.T.B.	59,684
	C.P.S.C.	582,913
To losses on trading	C.P.S.C.	
	C.P.S.C.	
To butter inventories		
		<hr/> \$242,744,650 <hr/>

10. Quality bonuses paid by the Canadian Department of Agriculture of \$12,548,000 and Provincial bonuses such as were paid by the Governments of Ontario and Quebec were additional to the above figures. Feed grain subsidies and freight on feed grains and millfeeds at low prices described earlier were other important forms of assistance to dairying.

The foregoing statement shows that more than one hundred million dollars was paid to producers of cream for churning. One may wonder to what extent butter production was thereby increased. Total butter output in Canada was much more uniform than the annual production of cheese during the war years. However, the make of dairy butter steadily declined during the seven years 1939-45 inclusive, from 87,459,000 pounds in 1939 to 53,283,000 pounds in 1945, which is, no doubt, a measure of the effectiveness of the cream bonus in attracting cream to buttermaking establishments. It may be suggested, however, that data respecting creamery butter production and sale are much more easily obtained than are those related to dairy butter, and are also much more reliable in relation to periods when creamery butter was available only on ration cards and dairy butter was under less effective controls.

Control of Milk Diversion - To provide greater assurance that the desired production of the different forms of dairy products would be maintained, an order was issued by the Agricultural Food Board requiring milk shippers to obtain that Board's approval before they could deliver milk or cream to a creamery or processing plant other than the one to which they had been shipping. This arrangement, which was effective from October, 1943, to October, 1945, could be modified with the approval of the Agricultural Food Board when adequate reasons were shown for the need to do so. Another measure of control, although not designed to regulate the sale of farm products, was that of the Wartime Prices and Trade Board's Controller of Services in respect of truck movements which were under control in order to conserve gas and rubber.



Butter - Canadian production of butter seldom provides a surplus for export, and occasionally there is a shortage because of fluctuations in production and in consumer demand. The trend of butter production from 1925 to 1938 was upward, with a corresponding decline in cheese production. The Dominion Bureau of Statistics'

records indicate that butter production in Ontario declined approximately 10% during the years 1940 to 1944 in comparison with the average of the years 1935-39. An increase of 19% is shown in a similar comparison for the Prairie Provinces in contrast with an increase of 4% for all of Canada.¹¹

Cattle production cycles are relatively long, and marked increase in numbers does not occur suddenly. Table No. shows only a small variation by five year periods from 1935 to 1948; but numbers of milch cows in Canada registered a 20.9 percent increase from 1920 to 1948 when compared by changes in five year periods. Production per cow increased 11.6 percent in the same time and the increase in total milk production was 40.4 percent. But a similar increase in population also occurred, and the increase in milk available per capita was only 1.4 percent. Meanwhile, per capita consumption of milk also increased. Per capita use of milk and cream increased 23.9 percent and a still greater gain occurred in the use of other dairy products except butter which was under ration control. With such expansion in the use of fluid milk and other dairy products and so much emphasis placed on the production of cheese for the United Kingdom, the production of more butter could only be accomplished by price increases of butterfat for churning in comparison with other uses for milk.

Towards the end of 1942, the public became aware that butter storage stocks were substantially less than they had been a year previously.¹² This deficiency in storage stocks of almost 22 million pounds was difficult to understand, since the 1942 production of creamery butter was almost equal to that of 1941. Production of dairy butter in 1942, however, was found to be 4 $\frac{1}{4}$ million pounds less than in the previous year; and figures available in 1943 showed that butter consumption in Canada in 1942 was 1.88 pounds per capita more than in 1941. Speculative buying or hoarding of small quantities by many persons could easily accentuate the apparent scarcity and require the rationing of butter in order to ensure equitable distribution. Under these circumstances it is not surprising that difficulties arose in supplying expanding domestic requirements when unusual means were employed to enlarge cheese exports before dairy herds could be correspondingly increased.

These circumstances also concerned the Wartime Prices and Trade Board and the co-ordinating and administrative officials of that Board who were responsible for maintaining food supplies in Canada and for protecting the public against undue advances in living costs.

To study the situation and to devise remedies, officials of the Department of Agriculture invited representatives of the provinces to Ottawa in July, 1942. Steps had already been taken to supplement the revenue of cream shippers by payment through the Commodity Prices Stabilization Corporation of 6 cents per pound for butterfat effective July 6, 1942. This arrangement continued until December 21st of that year when the rate of payment was increased to 10 cents per pound of butterfat.

11. Data from D.B.S. compiled by Wm. Darcovich, B.S.A. in an unpublished manuscript.

12. Butter Stocks in Cold Storage in Canada
December 1, 1941 - 54,268,000 pounds
December 1, 1942 - 32,305,000 pounds

It became apparent, however, that butter supplies could not be increased soon enough to meet the immediate needs of the public, and the rationing of butter was imposed in Canada effective December 21, 1942, with a ration allowance of 8 ounces per capita per week. This arrangement was not interrupted until 1944, when one butter coupon valid in March was cancelled; and thereafter one butter coupon was cancelled each eight weeks during that year. A ration of 7 ounces per week applied during most of 1945. A tense, tight situation again developed in 1946 which permitted only 6 ounces of butter per week per person at the beginning of the year, and this had to be reduced to 4 ounces for the months of March and April, after which the 6 ounce ration was resumed and continued until butter rationing ended on June 9, 1947. It would have been impossible to continue at the 6 ounce rate without the importation of some butter from Australia and New Zealand.¹³

Control of Movement of Butter and Cheese - Because of the condition of butter scarcity which developed in 1942 and continued for several years, the Dairy Products Board, in co-operation with the Wartime Prices and Trade Board, controlled shipments of butter to the Maritimes and also regulated the shipment of cheese to the Maritimes, the Prairie Provinces and British Columbia. These measures together with the requisitioning of the output of cheese factories during critical periods were used effectively to assist in meeting Canada's commitments to the United Kingdom and in lessening domestic cheese consumption at a time when larger quantities would have been used had they been available. Canadian cheese consumption, however, is quite low and might advantageously be increased when supplies permit.

Supporting Butter Prices - It may seem surprising that a need should arise for the support of butter prices in view of the scarcities which have been described. The agreements with the United Kingdom for the purchase of Cheddar cheese were presumed to give stability to prices of all dairy products since any surplus of milk could be disposed of in the form of cheese at prevailing prices. Butter, however, was subject to ceiling prices imposed by the Wartime Prices and Trade Board in accordance with Government policy, but there was at the time ceiling prices were imposed, no provision for the support of butter prices. To give assurance to dairy producers that excess production if it occurred would not penalize them through lower prices, a number of steps were taken early in 1941 to make the price situation more attractive. One of these was the increase in the price of cheese. The price

13. Table No. 3

Butter, Margarine and Cheese Consumption

<u>Year</u>	<u>Butter</u> lb.	<u>Margarine</u> lb.	<u>Cheese</u> lb.
1935-39 (Av.)	351,569,500		41,223,000
1940	357,350,700		42,811,900
1941	359,498,000		52,054,000
1942	385,946,000		45,823,000
1943	336,671,000		55,053,000
1944	356,724,000		54,991,000
1945	349,052,000		61,279,000
1946	315,931,000		52,672,000
1947	351,791,000		66,013,000
1948	370,153,000		51,884,000
1949	316,621,000	72,981,000	58,740,000
1950	325,712,000	93,648,000	63,937,000

support plan for butter was another. In accordance therewith the Dairy Products Board was authorized to buy butter at $29\frac{1}{2}$ cents for First Grade delivered to the Board in the Maritimes, Ontario, Quebec and British Columbia ¹⁴ The support price in Alberta and Manitoba was to be $27\frac{1}{2}$ cents and in Saskatchewan $26\frac{1}{2}$ cents, with $\frac{1}{2}$ cent additional per month increase allowed from May to October to cover handling charges. The Dairy Products Board at this time issued an Order forbidding anyone to buy or sell butter below these prices. Six months later the Board was authorized to buy and store butter for exporting, to sell butter for exporting, and to export butter.¹⁵ Conditions, however, were such that the Board was not required to buy butter in 1941 or in 1942 in order to support prices.

In April of 1943 support prices were increased to 35 cents per pound for No. 1 Grade delivered to the Board in Ontario and Quebec prior to April 30 ¹⁶ Creamery butter production increased in 1943 over that of 1942 by 27 million pounds, but the net production increase for all butter was only 4 million pounds since dairy butter production was considerably below that of 1942. In 1943-44 the Dairy Products Board bought 15,875,279 pounds under the price support program and sold about half of it to the United Kingdom Ministry of Food. Minimum prices for butter for the 12 months ending April, 1944, were set on the basis of 32 cents for First Grade delivered to the Board in British Columbia, Ontario and Quebec. The price in the Maritime Provinces was 33 cents. Provision was made for an increase of $\frac{3}{8}$ cent per pound per month down to and including the month of December to cover carrying charges.

Support prices were also authorized for the fiscal year 1944-45.¹⁷ Purchases during that period amounted to 2,697,261 pounds. A similar arrangement applied in 1945-46,¹⁸ and the same price prevailed as in the two preceding years. Purchases by the Board in 1945-46 amounted to 4,324,976 pounds. In conformity with the Government policy of de-control, butter shipping controls were removed April 25, 1947, after a rather strenuous period when supply problems were quite difficult.

Support of Cheese Prices - While the arrangements with the United Kingdom for the disposal of cheese should have provided and, in fact, did provide ample protection for producers against cheese price declines, it was, nevertheless, deemed expedient early in 1941 to reassure the cheese producers by providing support prices for cheese, as well as butter. Order No. 2 of the Dairy Products Board required the purchase of cheese on county cheese boards east of Toronto at not less than $13\frac{1}{4}$ cents for No. 1 Grade, f.o.b. Montreal. The willingness of the United Kingdom Food Board to accept Canadian cheese made it unnecessary for the Board to buy cheese in order to support cheese prices.

Concentrated Milk - Greater demand for concentrated milk for United Kingdom needs and for prisoner-of-war parcels with the added incentive of more attractive prices, brought about a large increase in production. The chief sources of supply are Ontario and Quebec, with limited quantities processed elsewhere. The following figures indicate the wartime expansion which occurred in this phase of the dairy industry:

14. P.C. 3230 effective May 10, 1941.

15. P.C. 8526 effective November 1, 1941.

16. P.C. 2709 effective April 2, 1943.

17. P.C. 1082 effective March 6, 1944.

18. P.C. 6/1731 effective March 14, 1945.

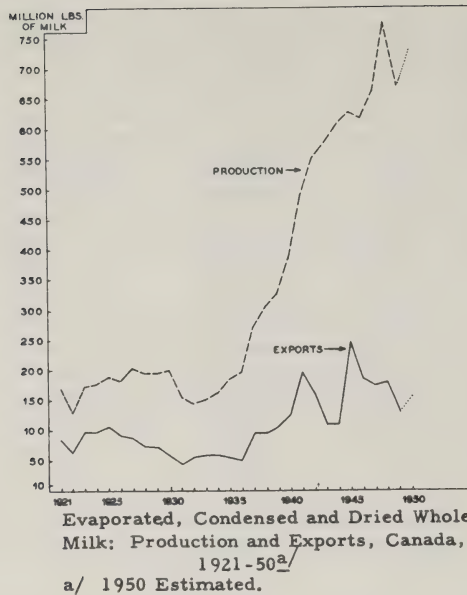
Table No. 4

Production of Various Concentrated Milk Products
(1939-50)
(000 lbs.)

	Evaporated Milk	Condensed Milk	Whole Milk Powder	Miscellaneous Whole Milk Products	Total all Whole Milk Products
1939	116,885	7,571	6,584	1,568	132,608
1940	135,877	14,429	6,450	1,101	157,857
1941	165,964	24,605	8,314	810	199,693
1942	185,762	23,076	11,134	858	220,830
1943	178,368	26,915	15,053	766	221,102
1944	184,344	31,021	16,022	1,070	232,457
1945	200,529	28,582	14,851	1,743	245,705
1946	191,586	31,026	15,468	2,729	240,809
1947	211,829	29,357	15,825	2,722	259,733
1948	251,331	34,822	18,965	4,078	309,196
1949	231,306	23,543	13,160	5,020	273,029
1950	256,844	14,542	16,510	7,054	294,923

Note: Cream powder not shown separately included in total for miscellaneous whole milk products.

	Powdered Skimmilk	Condensed Skimmilk	Evaporated Skimmilk	Powdered Buttermilk	Condensed Buttermilk	Casein	Total All Milk By- Products
1939	25,339	3,241	965	2,830	670	1,671	34,996
1940	26,392	4,245	1,049	2,733	350	1,339	36,356
1941	26,524	4,560	1,269	3,015	289	1,181	37,104
1942	26,670	5,380	1,613	3,072	292	3,199	40,448
1943	22,352	4,041	1,632	5,590	1,648	3,112	38,665
1944	29,703	3,505	2,413	4,467	2,400	2,961	46,002
1945	37,111	3,561	2,373	3,641	2,549	3,683	53,561
1946	42,580	3,531	3,195	3,666	2,500	4,040	59,990
1947	54,503	4,245	4,273	4,466	3,619	7,042	78,623
1948	64,253	4,919	5,733	4,587	2,753	4,837	87,572
1949	64,312	4,279	10,354	5,485	3,417	3,538	95,934
1950	52,993	4,371	12,417	5,013	3,021	4,272	88,682



Casein - Canada was an importer of casein before the war. On February 1, 1943, the Dairy Products Board brought casein imports and exports under its control by Board Order No. 46. An interesting development, however, occurred in connection with casein whereby Canadian production was increased to a point where domestic supplies were surplus to immediate needs. Previously it had been necessary under war conditions to supplement available supplies with imports of casein from other sources by arrangement with the Commodity Prices Stabilization Corporation which imported 400,000 pounds of acid and rennet casein from Argentine. Through orderly disposal of this importation to Canadian users, domestic needs were met by Commodity Prices Stabilization Corporation without unsettling prices. The industry thus protected was able in post-war years to export a surplus of Canadian casein production to other countries.

Whey for the Manufacture of Penicillin - The remarkable success of the drug penicillin brought an interesting development in 1943, for in its preparation a large quantity of lactose (sugar of milk) is used. The production of penicillin was increasing steadily under the impact of the war; and the deep culture method, which most manufacturers were adopting, required even more lactose than earlier procedures. As the war progressed, penicillin was fast becoming an essential weapon of war, and its manufacture was of vital importance to the United Nations. Lactose is processed from whey, and the demand by Canadian manufacturers of penicillin for this product was fast outstripping Canadian supplies. Because of a similar condition in the United States, it was not possible to obtain lactose from that country unless the liquid whey could be supplied from Canada for processing there and be returned to Canada as lactose and whey powder.

The Agricultural Supplies Board was also interested in this demand for lactose from another point of view, as liquid whey is a valuable feed for hogs and is taken back from cheese factories for this purpose by many of the cheese factory

patrons. In addition, whey powder is a valuable feed ingredient, particularly for use in poultry mixtures. The essential need for penicillin was, of course, fully realized, and some arrangement was sought whereby the feeding value of the whey would not be lost in view of the shortage of livestock feed. Such a solution was worked out whereby the liquid whey was purchased by an American processing company -- the Western Condensing Company -- and was shipped in tank trucks to their plant at Heuvelton, New York. There the Canadian whey was processed into lactose and whey powder and was returned to Canada -- the lactose to manufacturers of penicillin and the whey powder to the livestock feed trade.

The bulk of the whey was drawn from cheese factories in the Ontario counties of Stormont, Dundas and Glengarry and was ferried across the river via Ogdensburg. Another source of supply was found in the Huntingdon and Granville area of Quebec Province. During 1944-46, 104 million pounds of whey was processed from cheese factories in the Ontario area, representing the whey from some 1,500 farms. It is estimated that nearly \$100,000 was paid for the whey. In addition, because of the strict hygienic requirements of the whey buyers, cheese factories washed and sterilized the milk cans mechanically, a task usually done by the farmers with less efficiency by hand. This greater attention to the cleanliness of the cans increased the output of high score cheese at most factories, and brought a higher return to factory patrons.¹⁹

Control of Exports and Imports -- Until May 5, 1941, when control of exports of essential materials became the responsibility of the Department of Trade and Commerce, the Department of Agriculture exercised that function with respect to many kinds of supplies and materials important in agricultural production. In pursuance of this policy, the Dairy Products Board issued orders requiring exporters of dairy products to obtain permits from that Board for export shipments other than those destined for the United Kingdom Ministry of Food. The Dairy Products Board also exercised control of imports of butter and cheese before that function was assigned to the Department of Trade and Commerce.

Table No. 5

Exports and Imports of Butter ²⁰

	<u>Exports</u> lbs.	<u>Imports</u> lbs.
1935-39 av.	6,643,000	1,113,844
1941	1,481,800	481,729
1942	1,600,900	592,816
1943	9,409,000	1,154
1944	4,727,000	740
1945	5,598,000	3,495
1946	4,509,000	25,692
1947	3,107,100	5,118,869
1948	882,200	14,395,444
1949	1,068,800	1,122,579
1950	1,629,100	5,849

19. Extract from unpublished reports of Agricultural Supplies Board.

20. Dominion Bureau of Statistics.

Exports and Imports of Cheese

<u>Year</u>	<u>Exports</u> lbs.	<u>Imports</u> lbs.
1935-39	79,699,640	1,341,541
1941	92,311,000	860,671
1942	141,503,900	858,427
1943	129,741,000	535,223
1944	131,429,200	567,692
1945	135,409,300	649,477
1946	106,495,400	1,479,831
1947	55,531,100	1,015,820
1948	39,827,400	862,717
1949	52,694,800	2,359,999
1950	63,109,600	10,160,455

Farm Labour - Dairy farmers found it difficult during the latter years of the war to obtain satisfactory help on account of the competing needs of industry and other war services. Elsewhere will be found more detailed references to the National Resources Mobilization Act. The war needs of agriculture, however, were recognized by the Administration to the extent that men who could prove their essentiality in farm work might receive a deferment of military training while so engaged.

Exports of Dairy Cattle - Dairy farmers in Ontario and Quebec experienced a marked increase in the demand for dairy cattle in the bordering states during war and post war years. Exports of dairy cattle did not reach 10,000 in any of the years 1935-39, when the average was 7,543; but exports almost doubled during the ensuing three year period with an average of 14,113 per annum. In 1942 the export of beef cattle to the United States was prohibited in order to meet domestic needs and permit the export of pork and pork products in greater volume to the United Kingdom. When this change occurred there was a growing demand for milk and milk products as well as meat. It is not surprising, therefore, that exports of dairy cattle to the United States should expand still further when beef cattle could no longer be exported. During the years 1943 to 1949 inclusive, 366,843 dairy cattle were exported from Canada to the United States. The peak of the movement was reached in 1948 when 85,942 were exported and the annual average for this period was 52,406 head. There was, however, a very intimate relationship between the economies of Canada and the United States during the war when scarce commodities were shared in order to support the allied cause by what was designed to be as far as possible an equality of sacrifice.

The marketing of so many dairy cattle outside of Canada undoubtedly contributed to the scarcity of butter in the Canadian market which, with their retention, might have been avoided.

Review - In dairying as in other lines of production, Canadian farmers did an excellent job during the war years. The price control policy of the government prevented rapid advances in prices of farm products, but other wartime controls were equally effective in protecting farmers against rapid increases in their production costs. When these increases were inevitable as in the case of farm labour as well as with some essential farm supplies, the payment of subsidies and the provision of ample supplies of livestock feeds at subsidized prices helped to maintain an equitable balance. Evidence of this is readily apparent from the

substantial price advances which quickly occurred with respect to farm produce when wartime controls and subsidies were discontinued.

When subsidies to producers of butterfat were discontinued on April 30, 1947, the ceiling price of creamery butter was advanced 10 cents per pound, which was about $1\frac{1}{2}$ cents per pound more than the equivalent of the butterfat subsidy. The price of butter had already been advanced four cents per pound on April 1, and June support prices were based on 50 cents per pound for solids at wholesale in Montreal for 1st grade butter. So limited, however, were butter stocks in Canada that prices at these levels were barely kept within bounds by W.P.T.B. price controls imposed with the approval of the Government on January 15, 1948. At that time the maximum price, wholesale, for solids at Montreal was 67 cents for top grade. With the advent of the season of maximum milk production the Dairy Products Board was empowered in the interests of the producer to support the butter market by buying first grade butter when the wholesale price at Montreal reached 58 cents per pound, with appropriate differentials at other important markets. The freight rate increase of 21% brought about a further increase in butter prices on July 21 which varied from 1/4 cent to 3/4 cent per pound in different markets.

A very acute situation, however, still existed in 1948. The butter supply was such that during the early months of the year the 1948 rationing of stocks to their customers was found by dealers to be necessary in order to ensure equitable distribution. In one large city butter was offered as a premium by drug and jewelry stores as an inducement to greater sales of merchandise,²¹ and in some places it was suspected that black marketing was keeping stocks from important trade outlets. To meet its 1948 export commitment to the United Kingdom Ministry of Food the Dairy Products Board had found it necessary in July to requisition the output of Ontario and Quebec cheese factories to October 1.

To relieve the domestic butter situation the Minister of Trade and Commerce announced on September 24 the Government's intention to buy 11 million pounds of butter from Denmark and 2 million each from Australia and New Zealand. It was intended that such stocks should arrive in Canada during the period of low domestic butter production. Another means of overcoming the shortage was imminent, however, although not immediately apparent.

On December 14, 1948, the Supreme Court of Canada, by a majority decision, ruled that the manufacture and sale of oleomargarine is ultra vires of the Canadian parliament. In consequence of this decision margarine was again offered for sale in Canada early in January of 1949 at prices of from 37 to 42 cents per pound when butter was selling at from 70 to 72 cents. Under these circumstances price ceilings for butter were no longer useful and it soon became a matter of providing price supports, to prevent unwarranted price declines. Authority was, therefore, given to buy creamery butter at the support price of 58 cents per pound for first grade solids at Montreal. The 1950 support price was set at 53 cents per pound; and with more interest developing in beef than in dairy cattle it seemed more likely that the butter supply would reach equilibrium without loss to the public treasury.

21. The Family Herald and Weekly Star, Montreal. April 7, 1948.

Domestic scarcities of dairy production which occurred from time to time during the war years could have been avoided by shipping lesser quantities to the United Kingdom Food Ministry. It is inconceivable, however, that such action should have been taken in order to make more generous provision for the food requirements of Canadian people. Indeed a considerable measure of criticism was voiced by Canadians in 1945, when by arrangement with the United Kingdom, a few million pounds of butter from Australia and New Zealand were diverted to Canada in order that the 6 ounce ration of butter per week could be continued and to ensure continued export of Canadian cheese to the United Kingdom. Dairy production on prairie farms might have been kept at higher levels if some plan could have been adopted whereby income from dairying on grain farms would be taxed less severely than income from grain. When no distinction was or could be made; the farmer sensible followed the line of least resistance and put less effort into the line which was most laborious and least profitable to him.

APPENDIX

Board Orders - From the following list of Orders issued by the Dairy Products Board some idea will be gained of the nature of the Board's activities and of the circumstances under which orders were issued. Board Orders are listed numerically and chronologically with a brief description of each:

Dairy Products Board Orders

<u>Order No.</u>	<u>Date</u>	<u>Subject</u>
1.	June 19/40	License to export through the Board.
2.	" " "	Establishing minimum price for cheese.
3.	" " "	Temperature of cheese at time of export.
4.	July 12/40	License to export cheese to destinations other than U.K.
5.	" " "	Report cheese holdings to the Board.
6.	Jan. 8/41	License to export concentrated milk products through the Board.
7.	" " "	License to export concentrated milk products to destinations other than U.K.
8.	Jan. 29/41	Rescinding Order No. 4 and establishing new Order re export of cheese.
9.	" " "	Requiring cheese exporters and dealers to report cheese holdings each month.
10.	" " "	Setting forth temperature of cheese for export from October to April inclusive.
11.	" " "	Rescinding Order No. 7 and establishing new Order re export of concentrated milk products.
12.	" " "	Requiring cheese to be exported in chronological sequence of manufacture.
13.	" " "	Requiring cheese dealers to limit holdings of cheese.
14.	Feb. 7/41	Requiring persons to deliver for export, cheese in excess of quantity authorized by Board.
15.	Mar. 19/41	Establishing size, weight and colour of cheese to be manufactured in Ontario and Quebec after the 31st day of March, 1941.
16.	Mar. 22/41	Limiting amount of cheese held by individuals on April 1/41.

<u>Order No.</u>	<u>Date</u>	<u>Subject</u>
17.	Apr. 10/41	Permits for interprovincial cheese shipment.
18.	Apr. 12/41	Limiting cheese holdings on May 1, 1941, to amount held on corresponding date of previous year.
19.	Apr. 21/41	Rescinding Order No. 15.
20.	" " "	Limiting the sizes of cheese which might be manufactured.
21.	May 13/41	Setting forth minimum prices of creamery butter.
22.	May 20/41	Rescinding Order No. 20.
23.	" " "	Requisitioning cheese for export.
24.	May 23/41	Requiring permits for interprovincial movement of cheese.
25.	June 14/41	Amending Order No. 21 re minimum butter prices.
26.	June 14/41	Setting forth price to be paid for cheese f.o.b. Montreal.
27.	July 10/41	Prohibiting interprovincial movement of cheese into the Maritime Provinces, without authorization from the Board.
28.	August 5/41	Requiring permits to import butter or cheese.
29.	October 31/41	Rescinding Order No. 23.
30.	November 10/41	Limiting 35% of the amount of cheese held by any individual in Ontario and Quebec, as compared with amount held on the 1st of June, 1940.
31.	" " "	Rescinding Order No. 17.
32.	" " "	Prohibiting shipment of cheese into the four western provinces, without authorization from the Board.
33.	December 13/41	Limiting to 35% amount of cheese held on January 1/42 in Ontario and Quebec, to the amount held on the 1st of January, 1941.
34.	December 18/41	Rescinding Order No. 33.
35.	" " "	Limiting to 50% amount of cheese held by individuals in Ontario and Quebec, of the amount held on January 1, 1941.

<u>Order No.</u>	<u>Date</u>	<u>Subject</u>
36.	Jan. 26/42	Prohibiting imports of all concentrated milk products without permit from the Board.
37.	March 2/42	Licensing processed cheese manufacturers.
38.	March 27/42	Limiting the volume of ice cream manufactured.
39.	April 15/42	Rescinding Order No. 38.
40.	" " "	New order limiting volume of ice cream manufactured, to sales on a quarterly basis.
41.	April 24/42	Rescinding Order No. 26.
42.	" " "	Effective May 1/42, specifying size, weight and unparaffined cheese for export to the U.K.
43.	May 12/42	Setting forth price to be paid for cheese f.o.b. Montreal for export.
44.	June 5/42	Amendment to Order No. 40 to include sherbets and ice cream from mix manufactured by the individual or purchase from others.
45.	Sept. 21/42	Rescinding Order No. 42.
46.	Feb. 1/43	Requiring permits to import casein.
47.	Feb. 8/43	Rescinding Order No. 43.
48.	Mar. 1/43	Rescinding Order No. 28.
49.	" " "	Requiring permits to import butter or cheese for consumption in Canada, or placed in bonded warehouse in Canada.
50.	Mar. 22/43	Rescinding Orders No. 40 and 44.
51.	" " "	A new order restricting the manufacture of ice cream.
52.	Apr. 12/43	Setting forth conditions under which the Dairy Products Board bought butter to support the market.
53.	Apr. 27/43	Limiting the quantity of butter which might be shipped into British Columbia without permit from the Board.
54.	" " "	Setting forth prices at which the Board bought butter to support the market.

<u>Order No.</u>	<u>Date</u>	<u>Subject</u>
55.	May 3/43	Setting forth size, colour, weight and unwaxed cheese to be manufactured in Ontario and Quebec after the 10th day of May, 1943.
56.	May 17/43	Requisitioning cheese made in Ontario and Quebec on and after the 1st of June, 1943.
57.	June 14/43	Authorizing factories to sell cheese for patrons' use.
58.	June 28/43	Prohibiting the manufacture of skimmilk cheese in Ontario and Quebec, effective the 1st of July, 1943.
59.	Aug. 16/43	Prohibiting the addition of dairy products to manufactured ice cream or sherbet mix at time of freezing.
60.	" " "	Limiting the quantity of butter to be shipped into the Maritime Provinces without permit from the Board.
61.	Dec. 13/43	Rescinding Order No. 53.
62.	" " "	Limiting the amount of creamery butter which might be shipped into Alberta or British Columbia on and after the 6th of December, 1943, without permit from the Board.
63.	Dec. 27/43	Rescinding Orders No. 55 and 56.
64.	Jan. 3/44	Rescinding Order No. 62.
65.	" " "	Limiting the quantity of butter which might be shipped from the three Prairie Provinces into the other provinces of Canada without a permit from the Board.
66.	Feb. 21/44	Limiting the quantity of process cheese manufactured on a three months period basis and effective the 1st of April, 1944, limiting individuals manufacturing process cheese to those who were manufacturing during the year ended March, 1944.
67.	June 19/44	Setting forth size, weight and colour and unwaxed cheese to be made in Ontario and Quebec on and after the 19th of June, 1944.
68.	July 10/44	Requisitioning Ontario and Quebec Cheddar cheese for export, effective on cheese manufactured as from the 24th of June, 1944.

<u>Order No.</u>	<u>Date</u>	<u>Subject</u>
69.	July 17/44	Authorizing factories to withhold from export a limited amount of cheese each month for patrons' use.
70.	Dec. 18/44	Rescinding Orders Nos. 67, 68 and 69.
71	Apr. 16/45	Rescinding Order No. 66.
72.	" " "	A new order controlling process cheese production by limiting the quantity of Cheddar cheese used during any one quarter of the year.
73.	Apr. 30/45	Rescinding Order No. 32.
74.	" " "	Requiring permit from the Board to ship cheese from Eastern Canada to the four Western provinces.
75.	June 4/45	Specifying type of cheese for export manufactured in Ontario and Quebec, effective the 1st of June, 1945.
76.	" " "	Requisitioning Ontario and Quebec cheese for export, effective June 1st, 1945.
77.	" " "	Authorizing factories to withhold a limited amount of cheese each month from export, for patrons' use.
78.	June 5/45	Rescinding Order No. 74.
79.	" " "	Limiting the quantity of cheese into four Western Provinces on a quarterly basis to quantity shipped during the corresponding quarter of the year ended March, 1944.
80.	Aug. 27/45	Rescinding Order No. 54.
81.	" " "	Setting forth new prices at which the Board would purchase butter to support the market.
82.	Dec. 3/45	Rescinding Orders Nos. 75, 76 and 77.
83.	Apr. 8/46	Rescinding Orders Nos. 36, 46 and 49.
84.	" " "	Requiring a license from the Board to import any dairy products into Canada for consumption or to be placed in bonded warehouse in Canada.
85.	June 3/46	Shipping type of Cheddar cheese to be made in Ontario and Quebec on and after the 1st of June, 1946.

<u>Order No.</u>	<u>Date</u>	<u>Subject</u>
86.	June 3/46	Requisitioning Ontario and Quebec cheese for export, effective the 1st of June, 1946.
87.	" " "	Authorizing factories to withhold from sale for export, a specified amount of cheese per month for patrons' use.
88.	June 5/46	Requiring 75% of all First and Second grade roller process dry skimmilk made in Ontario and Quebec, effective the 1st of August, 1946, to be tendered to the Board for export.
89.	Oct. 21/46	Rescinding Orders Nos. 85, 86 and 87.
90.	Jan. 6/47	Rescinding Order No. 88.
91.	Apr. 23/47	Rescinding Orders Nos. 51, 59 and 72.
92.	May 14/47	Rescinding Orders Nos. 65 and 79.
93.	May 28/47	Rescinding Orders Nos. 27 and 37.

All remaining orders automatically expired when the Act under which the Board received its powers was rescinded.

Exports of Dairy Products from Canada to the United Kingdom in Fulfilment
of Contracts between the Governments of the Two Countries

Cheese

<u>Years</u>	<u>Agreement</u> lbs.	<u>Amount Shipped</u> lbs.
1940-41	78,400,000	93,081,238
1941-42	112,000,000	115,392,071
1942-43	125,000,000	142,092,573
1943-44	150,000,000	116,200,000
1944-45	125,000,000	123,138,058
1945-46	125,000,000	126,687,236
1946-47	125,000,000	92,104,624
1947-48	125,000,000	56,439,324
1948-49	50,000,000	32,366,164
1949	50,000,000	50,038,844
1950	★ 77,000,000	59,542,601

★ 10% allowance increase or decrease

Evaporated Milk

	<u>Cases</u>	<u>Cases</u>
1940-41	300,000	709,025
1941-42	658,000	643,659
1942-43	668,000	668,402
1943-44	300,000	300,828
1944-45	300,000	300,434
1945-46	300,000	703,542
1946-47	600,000	610,924
1947-48	600,000	600,000

Dry Whole Milk

	<u>Lbs.</u>	<u>Lbs.</u>
1945-46	3,300,000	4,224,720

Dry Skim Milk

	<u>Lbs.</u>	<u>Lbs.</u>
1946-47	6,720,000	6,281,800
1947-48	8,000,000	7,984,303

Butter

	<u>Lbs.</u>	<u>Lbs.</u>
1943-44	7,000,000	7,088,506

Unit Values of Dairy Products to the United Kingdom

Cheese

<u>Year</u>	<u>Price</u>
1940-41	14¢ f.o.b. Boat or Car Montreal
1941-42	14.4¢ " " " " " from May 25 subsidized to 16¢
1942-43	20¢ " " " " "
1943-44	20¢ " Factory Shipping Point
1944-45	20¢ " " " "
1945-46	20¢ " " " "
1946-47	20¢ " " " "
1947-48	25¢ " " " "
1948-49	30¢ " Factory
1949	30¢ " "
1950	25¢ f.a.s. Canadian Seaboard + 3¢ Government Subsidy

Evaporated Milk

<u>Year</u>	<u>Price per Case</u>
1940-41	\$3.75 f.o.b. Steamer Can. Ports (Fibre or Export corrugated cases)
1941-42	\$4.12½ " Atlantic Ports
	\$4.00 " Vancouver or New Westminster
1942-43	\$4.32½ " Steamer or Car Vancouver or New Westminster
	\$4.45 " " " " R.R. Car Montreal
1943-44	\$4.75 " " " " " " " Vancouver or New Westminster
1944-45	\$4.81 " " " " " " " " "
1945-46	\$4.81 " " " " " " " " "
1946-47	\$4.95 " " " " " " " " "
1947-48	\$5.85 " " " " " " " " "

Skim Milk Powder

<u>Year</u>	<u>Price</u>
1946-47	11½ - 13½¢ per lb. f.o.b. Car or Boat Montreal
1947-48	13½¢ per lb. Basis First Grade f.o.b. Boat or Car Montreal

Whole Milk Powder

<u>Year</u>	<u>Price</u>
1945-46	Bulk 32½¢ per lb. f.o.b. Car or Boat Montreal
	1# tins 41¢ per lb. f.o.b. Car or Boat Montreal

Butter

<u>Year</u>	<u>Price</u>
1943-44	41½¢ per lb. basis First Grade f.o.b. Boat or Car Montreal.

Chapter 13

EGGS AND POULTRY

One of the most successful undertakings in Canada during the Second World War was the production of eggs and poultry, although the first of these products was the main objective and the latter was a collateral development. In seven year sales of eggs for export amounted to \$172,505,558. and poultry export sales during the same period were valued at \$13,969,918. Only 1,274,000 dozen Canadian eggs were exported from Canada to the United Kingdom in 1939 although the average quantity of eggs exported during the period 1935-39 was 7,223,000 dozen. Exports of eggs in 1945 reached the grand total of 89,945,100 dozen although more than half of this quantity was in the form of egg powder. Egg exports for the years 1943-45, dried or in the shell, averaged 70,683,000 dozen per annum, - a phenomenal gain over the pre-war years. Such an outstanding achievement was possible only through a marked increase in poultry production which attained a total of 86,792,000 hens and chickens on farms on June 1, 1945, in comparison with an average of 54,544,000 during the years 1935-39.

This accomplishment was the result of a number of favorable circumstances. The United Kingdom showed an active interest in obtaining eggs from Canada in larger volume in 1941 when European supplies could no longer be purchased because of enemy occupation of supplying countries. The feed grain policies of the Government made greater supplies of feed available at lower cost in all parts of Canada through freight assistance and "drawbacks" on wheat, barley and oats. The several agreements between the Governments of Canada and the United Kingdom for eggs in what seemed to be an almost unlimited demand gave price support while scarcities of pork and beef as a result of exports to the United Kingdom created a demand for poultry meat in the domestic market which prevented storage supplies becoming a threat to price stability until the later war years.

Special Products Board - Some eggs were sold by Canadian exporters to the United Kingdom in the usual manner until the Ministry of Food became the sole buyer in 1940; but early in 1941 the Ministry of Food, which had been buying Wiltshires through the Bacon Board, requested the formation of a similar Government agency through which it could buy Canadian eggs without having to negotiate individually with a number of exporters. These were the circumstances under which the Special Products Board was formed in 1941, and to the first of the five Sections of the Board, which was then organized, was given the immediate task of supplying the Ministry of Food with 180,000 cases of shell eggs to be shipped within the next sixty days. Three months later the Ministry of Food asked for a million cases of eggs to be shipped in 1942 and intimated that another million cases might be required.

The first big order for eggs came at the end of the hatching season when the only possible preparation for obtaining more eggs was that of attempting to improve poultry management. This involved the retention in flocks of the maximum number of laying hens and the greatest care in the development of maturing pullets in order to obtain the maximum production. Prior to the receipt of these orders from the Ministry of Food caution had been urged by the Special Products Board which felt that expansion of poultry production should not precede evidence of buying interest on the part of United Kingdom authorities; but with the receipt of these very substantial buying orders the situation changed immediately. The support of Provincial Departments of Agriculture was promptly sought and as readily given.

Rising Prices - During the seven years of operation of the Special Products Board the price of eggs increased two-fold. Prices paid by Winnipeg dealers to country shippers for Grade A large eggs during the production season in 1940 were 16 to 18 cents, and prices in other market centres were in close relation with these when transportation costs are taken into account. Until the United Kingdom purchases in 1941 were known there was no indication of higher prices. However, production and packing costs were rising and the urgency of the Ministry of Food was such that it seemed to be essential that some added inducement should be offered to ensure that the quantity of A Grade eggs required for the United Kingdom would be obtained. A premium of three cents a dozen was estimated to be sufficient to produce the desired quantity. The Special Products Board was therefore given authority to pay that premium or subsidy, effective December 22, 1941.¹ Later Agreements provided for higher prices for eggs and it was not necessary to continue the payment of subsidies.

Dehydrated Eggs - New problems were faced by the Special Products Board when the Ministry of Food asked that the remainder of the eggs for shipment in 1942 be dried in order to make the most effective use of ocean shipping space. When this request was received there were only three plants in Canada engaged in the drying of eggs used to meet domestic requirements of the bakery and confection trade. Little was then known in Canada about standards of quality in dried egg powder or the erection of the more modern type of egg drying plant. Egg drying equipment was only obtainable in the United States but the Department of Munitions and Supply was helpful in the procurement of this essential. The management of the three established plants at Trenton, Winnipeg and Saskatoon, and the National Research Council and the Experimental Farms Laboratories helped in the development of plans by which the erection of a number of new plants for drying eggs could be undertaken. It was learned that some of the existing milk drying plants in Canada could be converted for egg drying, and three such plants at Ottawa, Gananoque and Belmont, Ontario, were utilized for this purpose. New plants at Toronto, Winnipeg, Edmonton, Calgary and Melville, Sask., brought the number of egg drying plants up to eleven and provided a service convenient to the egg producing regions of Canada.

As no guarantee could be given as to how much use would be made of these egg drying plants it was necessary to make arrangements whereby the investment in them could be written off by accelerated depreciation over a period of five years or by writing off the balance, less the residual value of the plant, if the demand ceased before the write-off was completed.

There were no grade standards for dried eggs when these operations were begun in Canada, but samples of egg powder were drawn from each carload by Board inspectors to ascertain the quality of the product. Egg powder was required to conform to three basic standards with respect to bacteria, moisture and content of solids. In due time, with the assistance of the driers, standards for Grade A and B egg powder were agreed upon and price differentials were named for use in selling this product. The National Research Council continued to give valuable assistance although the making of analyses was subsequently done at the laboratories of the Experimental Farms.

Egg powder was first packaged for the Special Products Board in wooden barrels, each containing about 160 pounds. Barrels were lined with asphalt laminated paper bags; but this did not prove to be a satisfactory method of handling the product. Through research and experimentation a package was developed consisting of

1. P.C. 9588, December 11, 1941.

a wax laminated cellophane bag within a kraft bag and enclosed in a corrugated paper box with capacity for 14 pounds of egg powder. A master container was made to hold four of the 14 pound packages and weighed 64 pounds gross when filled. This method of packaging was greatly preferable to use of barrels.

At the request of the Ministry of Food the Board undertook to provide a five ounce package for household use. Two companies in Winnipeg and one in London, Ont., packaged several thousand tons of egg powder in this manner during the war. When these special packages for egg powder were adopted, a label - in colour - showing the head and shoulders of a Royal Canadian Mounted Policeman was attached to the 14 pound packages and printed on the 5 oz. packages with the words "Quality Guarded" added thereto. A recipe folder was enclosed with each small package.

The addition of sugar to the egg "meat" before drying was tried at the request of the Ministry as a means of improving the whipping properties of the dried egg. When the sugar dried egg was found to be much more satisfactory than the earlier product the Ministry of Food asked that all of the egg drying plants in Canada be equipped so as to make this type of product exclusively for the use of the bakery trade in England. More than 21 million pounds of sugar dried egg powder was supplied to the Ministry of Food in 1946 and 1947 before shipping conditions had sufficiently improved to permit of movement of shell eggs in large volume overseas.

The Special Products Board bought all of the eggs offered for the Ministry of Food and directed those to be dried to the nearest cold storage for a short hold in the event of the egg drying plant being so congested that shipments could not be accepted for immediate processing. A processing charge was paid for the drying of eggs, and this covered the packaging, the preparation for shipment and the loading on cars. In order that the maximum yield of powder would be obtained from eggs, the Board paid a premium for yield until a high degree of efficiency was attained.

Oil-dipped Eggs - When it became necessary for the Special Products Board to store eggs for the Ministry of Food, experiments were made in the use of CO₂ gas before storage in comparison with dipping in a light, odorless and tasteless oil for the preservation of quality. The oil-dipped eggs were so much better than the others on arrival in England that the Ministry asked that all future shipments be so treated and the gas treatment was abandoned. The cost of oil-dipping was about one half cent per dozen.

British Food Mission - The Special Products Board in procuring eggs for the Ministry of Food negotiated with the Ministry through Canada House in the early years of the war and latterly with the British Food Mission in Ottawa. The Board paid the shippers by carloads, f.o.b. seaboard or drying plant and was reimbursed in the early stages by the United Kingdom Ministry of Food and subsequently by the United Kingdom Payments Office after it was established in Ottawa.

Earlier Egg Production - Fall production of eggs in unprecedented volume was one of the remarkable accomplishments in poultry husbandry during the decade in which the Second World War was fought. One measure of this was the supply of eggs bought by the Special Products Board during the months of January, February and March. The Board bought 367,608 cases during those months in 1942, 329,112 cases during the same months of 1943 and 847,149 in 1944. Another measure of early production is the purchase of eggs during the last four months of the year as a percentage of eggs bought during the whole year. During 1942 and 1943 less than one per cent of the

years' purchases were obtained in the last third of the year. Six point four per cent of the eggs bought in 1944 were accumulated in the last third but the showing in 1945 was less impressive with only 3.7 per cent. The percentage in 1946, however, was 9.4 per cent and it climbed to 16.2 per cent in 1947. This impressive trend toward earlier fall and winter production of eggs is particularly worthy of note and indicates the value of publicity and propoganda in pursuit of an objective. The effort to hatch early chicks to capture some of the high prices which prevail at the end of the summer season and in early winter months was less successful than it deserved to be because so many were engaged in the attempt that such production soon exceeded domestic requirements and egg prices declined to the export level. The fall and early winter prices, however, were always higher than those in spring and summer.

Frozen Egg - Melange - Melange made in Canada before the war was mainly intended for domestic use, but the United Kingdom bought melange from Canada in 1947 and 1948 with orders for five million and ten million pounds respectively. Before the war Britain bought large quantities of frozen eggs from China and nearby European countries but had difficultry in handling supplies when cold storage plants, so necessary for keeping this product in zero temperatures, were destroyed by bombing. The Special Products Board had at one time more, than forty million eggs stored in frozen condition when storage space was scarce and the egg drying plants were unable to receive them.

Turkeys, Geese and Ducks - The chief effort of poultrymen in wartime was applied to the production of eggs, but the raising of turkeys continued to be important at a time when per capita use of meat was rising. While the total annual production of turkeys did not alter greatly during the war years, there were significant developments made in the field of specialized commercial turkey raising operations. The growth in this specialized operation appears to have been balanced by a reduction in the production of turkeys on general farms. Prices of turkeys showed a satisfactory increase but were not permitted to advance enough to make turkey raising more attractive than the production of hens and eggs. Scarcity of help may also have impeded the enlargement of turkey flocks. Production of geese and ducks remained at normal levels during the war and subsequently declined below the numbers of pre-war years.

Dressed Poultry - Poultry, like hogs, afford opportunities for quick expansion of production under favorable circumstances; and such opportunities were present during the war years. Fortunately the wartime increase did not create a marketing problem in Canada until 1943 and 1944 when meat supplies temporarily exceeded domestic needs. Export outlets were clearly needed when cold storage stocks of dressed poultry exceeded 30,000,000 pounds and flocks were being increased at an accelerated rate.

Although the Ministry of Food had decided earlier that poultry meat was a luxury which could be dispensed with in wartime, the Ministry accepted the offer of a small quantity in 1943 and signed an agreement for the purchase of two million pounds early in 1944. Another prospective purchaser was the United States Army; and a number of carloads were sold to them through negotiation with the Quartermaster Market Centre of the U.S. Government located at Edmonton. This, fortunately, was only the beginning of negotiations which resulted in sales of nearly thirty million pounds of poultry during 1944 and 1945 and ceased only when the shooting war was ended.

To arrange details of purchases and to provide methods of inspection of Canadian poultry sold through these negotiations a number of conferences of officials representing the two Governments were held in Washington, Edmonton and Chicago. It was agreed that the prices would be the ceiling prices then prevailing in Canada for the kinds and grades of poultry to be purchased and that inspection of the product would be done by Veterinarians of the United States Service and Canadian Poultry Products Inspectors who would together examine carloads at central shipping points in Canada to ascertain grades and condition. A minimum number of inspection points were named, and the inspection service functioned without difficulty and to the satisfaction of both Governments.

In 1946 a sales agreement was made with the Ministry of Food for the purchase of twelve and a half million pounds of poultry at one and a half cents below ceiling prices. Supplies, however, were then less abundant and some difficulty was experienced in filling the order. The Ministry was willing to accept the balance of the quantity in 1947 and to pay a price only one half cent below the then ceiling. These shipments were completed in July, 1947.

Price Controls - The Wartime Prices and Trade Board exerted an important influence on prices of eggs and poultry. When the first Agreement was made with the United Kingdom for the sale of eggs there was a spread of 14 cents between the price ceiling of eggs and the price support afforded through the Agreement. Successive agreements at slightly higher prices narrowed this spread somewhat, and there was a tendency for egg prices to climb to the ceiling during periods of slack production in late summer and fall months. This tendency for egg prices to remain at the ceiling became more obvious during the later war years. That prices were not allowed to go higher was an advantage to consumers, and this fact became more evident when maximum price controls were withdrawn. Feeding costs advanced spectacularly when "drawbacks" on grain were no longer available and ceilings on grains were removed in 1947. One line of poultry feeds advanced in price from 28 to 38 per cent, and aroused considerable apprehension among poultry producers.

In the earlier war years, prices of poultry fluctuated more freely between periods of light and heavy marketing than in later years. Poultrymen were favored in that poultry meat was not rationed and that meatless days in public eating places did not prevent the use of poultry at such times. So as to allow a larger return to poultry producers the Prices Board raised the ceiling on dressed poultry prices in 1943 by 2 cents per pound, wholesale, and reduced the retailer's margin from 9 cents to 7 cents per pound or a maximum of 20 per cent of the retail price. An ingenious method of evading the price ceiling on poultry was introduced and used for a short time by trading in live birds until the Prices Board made this less attractive by placing limits on the prices of live poultry.

Actually there was a high degree of stability in egg and poultry prices so long as wartime price controls were maintained. The ability to make sales to the United Kingdom and to a lesser extent to the United States prevented the accumulation of price-depressing surpluses. Greater regularity of production shortened the periods of wide price variations and lessened their range. Control of exports and the funneling of supplies to the Ministry of Food enabled the Special Products Board to discharge its commitments in a satisfactory manner. And in 1948 when shipment of beef cattle, sheep and lambs, as well as dressed beef, mutton and lamb, were allowed to be exported to the United States, the advantages of higher prices in the domestic market which access to the American market - with a premium on the Canadian dollar - brought to producers of meat animals was shared by poultry producers. The only real

price debacle occurred at the beginning of 1950 on the completion of the United Kingdom agreement for eggs and the announcement that there would not be a renewal of those arrangements. Under these circumstances prices of "A Large" eggs in Western Ontario fell from 42 cents in November to 24 cents in the following January. Action by the Agricultural Prices Support Board in guaranteeing, under certain conditions, 38 cents per dozen for Grade A Large eggs, with a reasonable allowance for costs of storing ended the panic of produce dealers, and stabilized prices.

In retrospect it is interesting to note the cautious attitude of Government Boards and their desire to avoid over-development of egg and poultry production and the consequent deflationary adjustment which experience suggested could be expected. This attitude was shared by those engaged in the Chick Hatchery business. A conference of Canadian hatchery operators in 1945 issued a warning against further broadening of chick production and recommended that hatchery output "be gradually tapered off to some lower level of chick production which would be regarded as closer to a wartime level of production than the level reached in 1944". The 1944 production was 50,864,756 approved chicks and nearly twenty million others. That was a great increase over 1939 when the number of approved chicks hatched was 17,208,323. Instead of declining, however, the output rose to ninety million chicks in 1947 without then causing any embarrassment to any branch of the poultry industry.

Price Support - Requests from poultry producers that the Special Products Board be continued as a marketing agency for poultry products is an indication of the value of the service it rendered in war and post-war years. These requests also showed how readily a new idea can gain popular approval if it seems to be highly serviceable. The Special Products Board, was, however, about to be retired and replaced, insofar as marketing stability is concerned, by the Agricultural Prices Support Board which was authorized by Parliament as early as 1944 to act on behalf of producers in order to lessen the effect of deflationary tendencies upon commodity prices during the transitional period from war to peace.²

Although the Special Products Board functioned well its administration was not free from difficulty. Established at the beginning of April, 1941, it had to supply 5,400,000 dozen eggs for delivery at seaboard for the Ministry of Food before the end of May. To ensure that its purpose in the movement of eggs would not be thwarted the Board was given authority to prevent the placing of eggs in cold storage without its permission. When shooks for use in making egg cases could not be bought within the ceiling price because of advancing costs the Board persuaded the Commodity Prices Stabilization Corporation to pay a subsidy of 6 cents per box to the manufacturers to make supplies more abundant. This subsidy was recovered and repaid with respect to cases shipped overseas. Improvement of packing and shipping was found to be necessary through the investigations of an inspector sent by the Board to the United Kingdom to examine shipments of eggs on arrival in Great Britain. The Board ordered the use of moulded trays or ordinary fillers with moulded flats and prohibited the shipping of eggs weighing over 27 ounces to the dozen, to prevent the excessive breakage apparent in the earlier shipments. Uniform weight standards for cased eggs was obtained from the railway companies at the request of the Board which found a variety of weights then recognized in the tariffs of the carriers relating to egg shipments.

2. By P.C. 367, January 25, 1950, the Agricultural Prices Support Board was authorized to pay at all storage points in Canada 38 cents per dozen for eggs stored as Grade A large and 36 cents for Grade A medium plus an allowance not exceeding 5 cents per dozen for charges associated with storage.

The Department of Agriculture and the Special Products Board were very helpful to officers of Provincial Departments of Agriculture in matters affecting the production and marketing of eggs and poultry. Their relations with Poultry Industry Committees and Produce Associations were also mutually helpful. The bringing of representatives of the Ministry of Food to Canada to meet egg producers and provincial officials was greatly helpful in developing mutual understanding and in strengthening determination to achieve the greatest possible success under the difficult circumstances of war. In these efforts they were strongly supported by individuals and organizations concerned with the production and marketing of eggs and poultry.

Chapter 14

VEGETABLES AND ROOT CROPS

Administrative functions of the Government with respect to vegetables and root crops were chiefly related to the Food Administration of the Wartime Prices and Trade Board and its subsidiaries, the Commodities Prices Stabilization Corporation and the Wartime Foods Board. Upon the formation of the Agricultural Food Board in 1943, the payment of producers' subsidies to increase the output of fresh vegetables for processing was delegated to that body, while the Wartime Prices and Trade Board continued to pay subsidies to delay or prevent further price increases to be passed on to consumers.

There were no serious marketing problems with vegetables and root crops until 1946 when supplies of potatoes exceeded domestic needs and the Agricultural Prices Support Act was used as a means of providing price support to that sector of the economy. In these activities, the Fruit and Vegetable Section of the Special Products Board was an important and effective agency in the procurement of large quantities of fresh, canned and dehydrated fruits and vegetables for the Ministry of Food of the United Kingdom.

Regions of particular importance for vegetable production are found in Ontario, Quebec and British Columbia which, together, provide ninety per cent of Canada's supply of vegetables other than potatoes. In this form of production, Ontario far exceeds the other Canadian provinces.

Approximately one half of Canada's commercial production of tomatoes, corn, peas and beans is processed; and some sixty per cent of the 500 or more establishments for processing fruits and vegetables are in Ontario where the output is also about sixty per cent of the Canadian total. Quebec and British Columbia each contain about fifteen per cent of Canada's vegetable and fruit processing facilities.¹

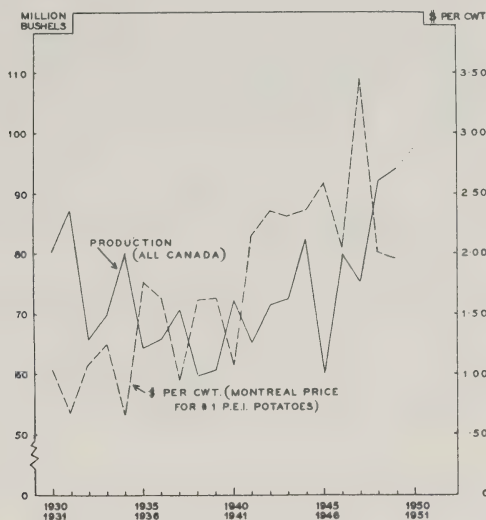
Imports of fresh and processed vegetables are competitive with Canadian production. Demand for fresh vegetables is also a price-making factor with respect to that portion of our domestic production which is processed for sale. In the handling of the latter, a number of marketing schemes evolved under provincial marketing legislation have exerted an important influence, particularly in Ontario and in British Columbia, in negotiating sales agreements and processors of commercial vegetable crops.² A minimum price thus negotiated between these organizations and the processors then has the sanction of law.

Potatoes - Potato production is a highly specialized business in New Brunswick and Prince Edward Island where high class seed and large quantities of table stock potatoes are grown. Quebec, however, grows a larger quantity of potatoes than any other Canadian province without any serious marketing problem. The two Central provinces, Ontario and Quebec, together produce approximately one half of the potatoes grown in Canada. Canadian farmers and gardeners in regions adjacent to the larger cities make potato growing for human consumption an important part of their farming operations with seed production in some cases a secondary objective. But most growers of potatoes in Canada are interested only in producing enough for their own needs, and may be buyers in years of low yields or sellers of small quantities when growing conditions are unusually favorable.

1. L.F. Burrows, in Agricultural Institute Review, March, 1950.

2. Similar arrangements were made in the handling of fruit.

The acreage of potatoes in Canada varies little from year to year, but changes more noticeably by provinces. Statistics show, however, that the acreage used for the growing of potatoes has expanded since 1935-39, in Prince Edward Island, New Brunswick and Quebec while there was a shrinkage elsewhere, although larger acre yields increased the total production from an average of 64,387,000 bushels in 1935-39 to 92,100,000 bushels in 1948. In areas which specialize in potato growing, a greater use of fertilizers³ and more effective control of pests and disease, combined with unusually favorable growing conditions, contributed to larger acre yields.



Potatoes: Production and Price, Canada,
1930-31 to 1950-51a/
a/ 1950-51 Production estimated.

Canning Crops - Wartime policies respecting vegetable crops were designed to develop domestic production as much as possible and thereby to lessen our dependence upon imports of southern grown vegetables, which normally are quite large and are further increased in seasons unfavorable to vegetable production in Canada.

Effective July 1, 1942, the principal canned crops and vegetables were made subject to specific maximum canners' prices and controlled "markups" by order of the Wartime Prices and Trade Board. The same Order provided canners' and growers' subsidies, and floor prices for canners. The growers' subsidies were related to tomatoes, corn, peas and beans and were applied by authorizing canners to pay stated increases over the 1941 prices in return for which they could count on the floor price guarantee for their own sales by being permitted to sell any left-over pack on or after February 1, 1943, to the Board's agent, Commodity Prices Stabilization Corporation, Ltd., at prices returning more than the ceilings but less than ceilings and canners' subsidy. Actually, no such distress sales were made; but it is understood that nearly all canners paid these additions which were covered by a portion of the subsidy they received on their processed vegetables.⁴

3. Government assistance in the use of fertilizers is dealt with elsewhere.
4. From an unpublished manuscript of the Agricultural Food Board. Data on subsidies will be found in appendices to this chapter. These were designed to allow higher prices to be paid to growers whose average base price per ton in 1941 was \$14.10 for tomatoes, \$10.75 for corn, \$45.00 for peas and \$47.00 per ton for green or wax beans.

Subsidies paid by the Wartime Prices and Trade Board on the vegetable crop grown for canning in 1942 were at the rate of \$1.00 per ton for tomatoes, \$2.00 per ton for corn, \$7.50 per ton for peas (\$1.50 straw weight) and \$5.00 per ton for green or wax beans.

Subsidies paid to producers by the Agricultural Food Board in 1943 were increased to \$3.00 per ton for tomatoes, \$4.00 per ton for corn, \$10.00 per ton for peas and \$7.50 per ton for beans. These increased rates of subsidy were continued for the crops of 1944 and 1945 with the exception of tomatoes for which the rate was increased to \$6.00 per ton during the latter two years.

The average price paid for tomatoes in 1945 was \$20.35 per ton which was an increase of forty five per cent over the returns to growers in 1941. Subsidy payments applied to corn and other vegetables for canning allowed a percentage increase in 1945 of 30 for corn, 23 for peas and 60 for green and wax beans over the 1941 prices. Thus subsidies were an important factor in the returns received by producers.

In addition to the growers' subsidies paid by the Agricultural Food Board, the Wartime Prices and Trade Board subsidized consumers to some extent through canners in order that retail prices should not unduly advance.

The end of fighting in 1946 and the garnering of a large crop of vegetables in that year so far improved the food situation in Canada that several control measures were relaxed, and increases in price were allowed on canned fruits and vegetables so that returns to producers would not be lessened in consequence of the withdrawal of subsidies paid to producers by the Agricultural Food Board and of other subsidies paid to canners by the Wartime Prices and Trade Board.⁵

The table shows the amounts paid by the Agricultural Food Board in subsidies on canning crops (fiscal year basis):⁶

	1943-44	1944-45	1945-46	1946-47	Total
Tomatoes	(a)	\$1,794,389	\$1,126,535	\$136	
Corn	(a)	265,814	219,245	3	
Peas	(a)	391,243	343,832	-	
Beans	(a)	97,060	78,867	840	
	\$945,441	\$2,548,506	\$1,768,479	\$979	\$5,263,405

5. Subsidies were paid through the medium of canners. The basic price paid for the crop was that paid in 1941 or such additional amount as might be agreed upon; and the grower also received the authorized crop subsidy on the quantity delivered. The subsidy was not paid by the Agricultural Food Board in 1946 because, by arrangement with the Wartime Prices and Trade Board, the ceiling on canners' products were raised enough to allow the same returns to producers in 1946 as was paid with the subsidies in 1945. Subsidies were paid to producers by the canners who were reimbursed by the Agricultural Food Board when they submitted proof that settlement in full had been made with the growers. Subsidies were payable in 1942 by Wartime Prices and Trade Board Order No. 184, June 24, 1942. Under authority of the Agricultural Food Board, subsidies were payable in 1943 by P.C. 2/2105, March 16, 1943; in 1944 by P.C. 1611, March 9, 1944; and in 1945 by P.C. 2/1731, March 14, 1945. For details see Appendix.

6. Data from Agricultural Food Board.

The encouragement of home and community gardening was sponsored by the Agricultural Supplies Board early in 1943⁷ when the supply of canned vegetables began to be dangerously low. This action was taken after a committee, representative of the Department of Agriculture and the Foods Administration of the Wartime Prices and Trade Board, had studied the situation and recommended this policy. It seemed obvious that the production from such sources would materially help to reduce demand for the canned product through the use of fresh vegetables in their season and the home canning of local surpluses for subsequent use. Moreover, there was no probability that such garden production would interfere with vegetable growing on a commercial scale and supplies of vegetable seeds seemed to be sufficient for all needs.

This Wartime Gardening Campaign was recommended to Provincial Departments of Agriculture which in turn invoked the assistance of local organizations such as municipal councils, horticultural societies, womens' institutes and other local bodies. The Agricultural Supplies Board published a special pamphlet on vegetable gardens, which was widely distributed and undertook newspaper advertising and radio-press publicity to encourage the project.

It was learned from a survey conducted in the winter of 1943-44 that vegetable production in cities and towns with a population of more than 1,000 had been approximately 57,500 tons from 209,200 wartime gardens. This estimate was exclusive of many thousands of wartime gardens in villages and on farms. It was also learned through the survey that 57% of the 37,811 gardeners in seven cities and towns canned, dried, pickled or conserved garden products for winter use. The home and community gardens project was continued with good results in 1944 and 1945. Continued scarcity of canned vegetables added emphasis to the production recommendations of senior government departments concerning wartime gardens.

Sugar Beets - Sugar beet production in Canada, prior to the second world war, was carried on at Wallaceburg and Chatham in Ontario and at Raymond and Picture Butte, Alberta. Price control and low sugar prices as a result of import subsidies and other fiscal arrangements lessened Canadian interest in domestic production of sugar beets which in Ontario competes with other crops requiring less labour in their production. The sugar plant at Wallaceburg did not engage in the processing of beets during the years from 1941 to 1949. Notwithstanding the decline in sugar beet acreage in Ontario from an average of 33,720 acres in 1935-39 to forty per cent of that figure in 1943-45, there was a recovery in Ontario in 1949 to close to the pre-war figures. Sugar beet acreage also increased in Manitoba and Quebec - and particularly in Alberta - to make the total of Canadian acreage five to ten per cent more than before the war. This was due in part to the opening of new plants at Winnipeg, Manitoba, and at St. Hilaire in Quebec. A substantial increase in acreage in 1949, indicated a more attractive outlook in Canada for sugar beet growers and processors. A new factory at Taber surpassing in capacity and efficiency any of its kind on the North American Continent, operated in 1950 to handle the expanded crop of that district.

Among the Government measures taken in Canada during war and post-war years to increase the supply of sugar without adding to consumers costs were the following: On April 1, 1942, the war exchange tax, the customs duty and the special excise tax were removed. On August 1, 1943, the excise tax of 1½ cents per pound was reduced to a rate of 1 cent per pound on sugar enumerated in tariff items 134, 135, 135A and 135B.⁸

7. From records of the Agricultural Supplies Board.

8. Reports of Wartime Prices and Trade Board, 1946, p. 87.

The sugar beet crop grown in Ontario in 1943 was sold at a minimum price of \$10.00 per ton (16% sugar) as compared with \$8.25 per ton in 1942. The increase in price reflected the Dominion Excise Tax reductions on sugar and the Ontario Government sugar beet subsidy of .55¢ per ton. The provincial subsidy of the Ontario Government⁹ was \$1.55 per ton in 1944 and 1945.

A contribution of 60 3/4 cents per hundred pounds of sugar was made to the producers of sugar beets grown in 1946, and, on February 27, 1947, an increase in this payment to \$1.25 per one hundred pounds was announced for sugar produced from the 1947 beet crop.¹⁰

Potato Marketing - The first wartime undertaking with respect to potatoes¹¹ was that already mentioned which had to do with the control of export sales of seed potatoes and the purchase by the Agricultural Supplies Board for re-sale in Canada of some 50,000 bushels of certified seed.

Except occasionally neither surpluses nor scarcities of potatoes were of great significance in Canada during the war. Early in 1942 the supply situation with respect to starch in North America was such that an increase of five million bushels in Canadian production of potatoes for conversion to starch seemed to be highly desirable. An appeal for an increase of eleven per cent in acreage of potatoes did not, however, augment supplies appreciably.

Potatoes were sold under ceiling prices in wartime, and whenever it became necessary to import table stock during the periods which normally mark the disappearance of old-crop potatoes and the offerings of the new crop, any part of the cost which it was necessary to absorb in order to make supplies of new potatoes available to producers under the pricing order of the Wartime Prices and Trade Board was met by the Wartime Food Corporation Ltd. On one occasion, which was rather abnormal, it was possible to ship¹² potatoes from Manitoba and Saskatchewan to Northern Ontario and Northwestern Quebec to assist in meeting a rather acute shortage which developed there in the spring of 1943. The Wartime Prices and Trade Board paid a subsidy to cover the extra transportation costs involved.¹³

Exports of Canadian potatoes expanded during and after the war. Some of this trade took the form of dehydrated product for war needs when scarce shipping space was greatly in demand; some of it was a normal movement to supply deficiencies of seed and table stock and some export trade was promoted in an effort to support domestic prices when surpluses were threatening their collapse.¹⁴

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9. Reports of Minister of Agriculture for Ontario.
10. Report of W.P.T.B., 1946. p. 23.
11. See Chapter 10 re. Seeds Administration.
12. 88 carloads were shipped from Saskatchewan through an arrangement between the Provincial Department of Agriculture, which publicized the scarcity, the Saskatchewan Pool Elevators, Ltd., which supervised the assembling and shipping and disbursed the proceeds upon receipt of funds from the Wartime Prices and Trade Board.
13. From annual report of Wartime Prices and Trade Board, April-Dec., 1943.
14. Exports during the years 1935-39 averaged about two and a half million bushels per annum, and shipments consisted of about one million bushels of table stock while the remainder was certified seed. Sales from the crop of 1948 exceeded eleven million bushels and two thirds of this quantity consisted of seed potatoes.

The organization in 1942 of a special Certified Seed Potato Section of the Special Products Board to handle export sales of seed potatoes from New Brunswick came about as a result of representations from potato growers in that province in 1941 when they sought a remedy for a confused marketing situation which was developing on account of a growing scarcity of shipping space to overseas markets¹⁵ and keener competition among seed potato exporters. Through negotiation and discussion in which the growers, the Ministries of Agriculture - both Federal and Provincial - and the Agricultural Supplies Board participated, it was agreed that such a Section should be formed and operated by a manager who would have authority to set prices, to allocate available space on boats, to control exports and to export certified seed potatoes to all countries except the United States. In selecting a manager for the Certified Seed Potato Section there was unanimous agreement that the Chief Inspector of the Seed Potato Certification Service of the Department of Agriculture¹⁶ should be chosen for this duty, in the discharge of which he would be assisted by an Advisory Committee of three.¹⁷

The powers of the Special Products Board with respect to the marketing of certified seed potatoes were conferred by Order in Council¹⁸ and could be made applicable to any province by an order of the Board. New Brunswick was the only province to adopt this wartime marketing scheme; and the export of seed potatoes, by other interested provinces¹⁹ during the war, was conducted in the usual manner.

The export of certified seed potatoes was not without difficulties. Canadian Trade Commissioners were very helpful in establishing contacts in foreign countries, and when a post-war shipment of potatoes which was consigned to Argentine met some buyer resistance, the Commercial Secretary at Buenos Aires handled the situation very efficiently. During seven seasons sales of seed potatoes were made annually to the Government of Uruguay after their seed Commissioner had come to Canada in 1942 to ascertain the conditions surrounding the production and sale of certified seed potatoes.

The assistance of the Certified Seed Potato Section of the Special Products Board in the marketing of New Brunswick Certified Seed Potatoes ended on August 16, 1946,²⁰ when it became evident that wartime controls were becoming increasingly difficult to apply in peacetime.

15. Particularly South America.

16. Mr. John Tucker. On his retirement in 1945 Mr. Tucker was succeeded by R.E. Robinson, Chief, Fruits and Vegetable Inspection, Department of Agriculture, Ottawa.

17. The Advisory Committee consisted of E.M. Taylor, Field Husbandman, Soils and Crops Division, representing the New Brunswick Department of Agriculture; Charles Clark of Nelles and Clark, Ltd., Woodstock N.B., and Herman Savage, Grand Falls, N.B., representing the shippers.

18. P.C. 6836, August 4, 1942.

19. Details of exports are given in an appendix.

20. The Special Products Board did, however, continue to act as an exporting agency in respect to Government orders for Canadian potatoes and it also represented the Agricultural Prices Support Board in the sale of potatoes acquired by it through its support activities respecting the 1946 and 1948 potato crops.

One of the most interesting developments in the handling of food in wartime was that relating to the dehydration of vegetables.²¹ Through these arrangements, agreements were made under which 29,960,000 pounds of dehydrated potatoes were to have been shipped - the quantity actually supplied amounted to 23,869,269 pounds - at a cost of from 30 to 36 $\frac{1}{2}$ cents per pound to the United Kingdom for top quality product.²²

Price support for potatoes was deemed to be necessary in 1946 when a larger than usual crop was produced in Eastern Canada. This, incidentally, was the first occasion in which the Agricultural Prices Support Act of 1944 was used. The initial steps by which the minimum returns were guaranteed to potato growers in New Brunswick and Prince Edward Island were taken after representations had been made to the Agricultural Prices Support Board that potato prices had fallen by about forty percent from the level of the previous year on account of larger production in the Maritime Provinces and in Ontario and Quebec which was apparently greater than could be absorbed by domestic and export trade. A price support program was therefore authorized for Prince Edward Island and certain counties of New Brunswick;²³ and it was later extended to designated counties in Eastern Quebec²⁴ although its use there proved to be unnecessary. The program included the disposal of potatoes for starch making; publicity to increase potato consumption in Canada; new export outlets for table stock potatoes and larger export sales of seed potatoes. The Prices Support Board also undertook to accept delivery of potatoes remaining unsold in the spring of 1947 at a price of \$1.00 per 75 pound bag, basis on cars at shipping point, bagged, tagged and inspected; and for potatoes delivered for processing, \$1.65 per barrel, at the factory, for Canada No. 1 grade.

Canada was fortunate in being able to make sales of potatoes to the United Kingdom in 1947. For many years it had been impossible to sell Canadian potatoes in the United Kingdom because of the belief of U.K. authorities that our potatoes would carry bacterial ring rot and that through such importations the Colorado Potato Beetle would be introduced. To ascertain the facts, the Ministry of Food sent a bacteriologist and two potato experts to Canada to investigate the situation and to supervise the shipment of potatoes in the event of purchases being made. These points having been cleared up satisfactorily, a contract was signed on March 31, 1947, between the Special Products Board - acting on behalf of the Agricultural Prices Support Board - and the Ministry of Food for 70,000 long tons of potatoes of certain named varieties of grade Canada No. 1 quality packed as far as possible in 100-pound bags, at a price of \$1.65 per hundred pounds, free on board ship at named Maritime ports. Shipment was made of 2,626,368 $\frac{1}{3}$ bushels representing a value of \$2,600,104.66. Some extra handling costs were absorbed by the Agricultural Prices Support Board. On account of shipping difficulties this movement occurred somewhat late in the season for shipping potatoes, but they arrived in good condition and were well received. This was particularly gratifying since exports of this volume

21. Described later in this chapter.

22. Prices were based on inland shipping points and included metal containers and export fibre cases strapped as well as cost of packaging and labelling. At the close of the war a number of dehydration contracts were only partly completed.

23. P.C. 4295, October 17, 1946.

24. P.C. 537, February 13, 1947.

had never before been made to the United Kingdom. Brazil and Portugal also were purchasers in 1947. They had not formerly been buyers of potatoes from Canada.

The help of the Agricultural Prices Support Board was again solicited in handling the potato crop of 1948 which was estimated to be 24 percent larger than the average production of the preceding five years. The Prices Support Board was authorized to support the price of potatoes grown in 1948 in Prince Edward Island and in certain counties of New Brunswick and under its authority²⁵ offered to buy Canada No. 1 grade potatoes in growers' bins on or after April 1, 1949, at \$1.15 per hundred pounds. The quantity to be purchased was to be determined by Government inspectors after April 1 and was to exclude quantities required for planting as well as subsequent sales made after inspection and approved by the Agricultural Prices Support Board.²⁶

Crop storage for potatoes as well as grain has been found to be inadequate in the years when unusually large crops were produced. To assist potato growers in providing suitable storage for potatoes, the Government in 1947 agreed to support such effort by co-operative associations to the extent of thirty seven and a half per cent of the cost, on condition that the Government of the Province in which the storage is to be built makes a cash grant in support of the project equal to that of the Federal Government.²⁷

Vegetable Dehydration - Because of experiences gained in connection with the dehydration of vegetables during the first world war, Canadian Government officials endeavored early in the second world war to interest British food authorities in the possibilities of acquiring dehydrated products in order to economize in the use of containers and shipping space. No great interest was shown, however, until the fall of 1941 when Dr. C. S. Hanes, of the United Kingdom Department of Scientific and Industrial Research, came to Canada to exchange views with technical workers on this side of the Atlantic regarding the possibility of improving the palatability, vitamin content and the keeping quality of dehydrated vegetable products.

From experience of the First World War, Dr. Hanes pointed out, it was realized that dehydrated vegetables could be of very low quality; and though products turned out more recently by certain Canadian plants had compared most favourable with any reaching Britain up to that time, no commercial samples received from any country supplying foodstuffs to the United Kingdom had been considered entirely satisfactory in view of newer standards of nutrition. The question raised by Dr. Hanes was whether, by adopting in factories certain pre-processing, processing and packaging methods which had been proved on a laboratory scale in both England and Canada to turn out a superior product, Canadian plants could produce dehydrated vegetables of a quality which would encourage their wider use by the British War Office and other purchasers of food for war purposes.

In December, 1941, the Agricultural Supplies Board obtained authority to place in five Canadian plants already engaged in dehydration work - one in British Columbia, two in Ontario and two in Nova Scotia - the extra equipment required for experimental processing to the new specifications and to have these plants purchase and process for Government account, under supervision of the Board's representatives, certain vegetables of 1941 production. One of the principal objects of the project

25. P.C. 5488, November 26, 1948.

26. Expenditures by the Canadian Government in supporting potato prices cost \$170,748.48 in 1946-47 and \$1,646,839.34 in 1948-49.

27. P.C. 4638, December 3, 1947.

was to develop a factory technique based on British and Canadian laboratory findings; another was to obtain commercial-scale samples of dehydrated vegetables for placing with potential purchasers of such products for war purposes with the hope that the product processed under this arrangement might lead to an important demand for Canadian vegetables in the dried form.

Under this arrangement, approximately 170 tons (dried product) of potatoes were produced, 69 tons turnips, 31 tons carrots, and 13 tons cabbage - all from the 1941 crop. Considerable quantities of these dried products were placed with Canadian Defense Forces for use as emergency rations, particularly in connection with coastal defence work.

During 1942, considerable quantities of dehydrated vegetables were prepared for shipment to Great Britain and, to assure that these products were of high quality and up to the specifications arranged with the British authorities, the Agricultural Supplies Board again assumed supervision of dehydrating in the several plants which were processing vegetables on behalf of the Board. Research on factory techniques was continued in the laboratories of the Department of Agriculture; and the output of each processing plant was inspected to see that the product was up to specifications. Thus the experimental work of dehydrating on a commercial scale, which was undertaken by the Agricultural Supplies Board in 1941, proved the possibility of turning out a product of generally high quality and of providing a ration which proved most acceptable to the armed forces of Great Britain and Canada.

In the late summer of 1942, officials of the British Ministry of Food intimated that they would require about 2,250 tons of dehydrated vegetables from the 1942 fresh vegetable crop, of which 2,000 tons were to be dehydrated potatoes. This was the first large-size order for dehydrated vegetables to be shipped outside of Canada, and the Board realized that, besides the five plants which had been processing these products during the winter and spring of 1941-42, additional plants would be required in order to be able to fill the British order and at the same time provide the estimated requirements of the Canadian armed forces, which amounted to an additional 300 tons.

It appeared that logical places to obtain dehydrated potatoes would be New Brunswick and Prince Edward Island, and interested persons in both of those provinces had indicated a willingness to undertake the operation of dehydration plants. The Board, accordingly, agreed to assist in obtaining permits for construction and priorities for machinery and also to loan certain special dehydration equipment for two plants in New Brunswick and one in Prince Edward Island.

Potato starch factories at Hartland and Grand Falls in New Brunswick were selected as the most suitable locations for the proposed potato dehydration plants, because of the probability that the residue from the preparation of potatoes for dehydration could be used for the production of starch, and because these places are in the heart of the potato producing districts of New Brunswick. The Prince Edward Island plant was located at Summerside; and all three plants were in operation early in 1943.

By 1943, fourteen plants throughout Canada were processing vegetables under the supervision of the Agricultural Supplies Board in areas where surplus potatoes and vegetables are usually available. Certain special machinery was loaned to a number of these plants and technical officials of the Board gave advice on the

type of construction, the correct kind of equipment and its most suitable arrangement in the plant. Assistance in the operation of their plants was given to the new operators and, when necessary, to those who had been longer engaged in operating dehydrating equipment.

The British Ministry of Food purchased during 1943 and 1944 large quantities of dehydrated vegetables from Canada, and the actual negotiations with both the Ministry of Food and the several processors were carried on by the Special Products Board.

Early in 1945 the British Food Mission enquired for larger supplies of dehydrated products from the crop of the coming season, and an agreement was signed on April 16, 1945, between the Special Products Board and the British Food Mission for 4,375 long tons of dehydrated potatoes and 2,250 long tons of other dehydrated vegetables. The Food Mission hoped that the Board would be able to supply an extra 440 long tons of potatoes and 225 long tons of other vegetables. By the middle of November, when the war situation had changed, the Ministry of Food wanted all contracts cancelled. The Board accordingly notified the contractors. The magnitude of the pending claims, however, was such that the Ministry agreed to accept any product then completed by the processors. However, no new purchases were made, and since the dehydrated product is not a satisfactory substitute for fresh vegetables in peacetime there was no possibility of continuing this wartime industry in the postwar years.

It is a satisfaction to note that the dehydrated vegetables produced in Canada proved to be at least the equal of any other similar product processed during the war.

Chapter 15

CANADIAN FRUITS IN WARTIME

Wartime administration problems with respect to other fruits were relatively simple in comparison with those encountered in the disposal of surplus apples, which called for remedial action in 1939 and required continuous attention for a decade. The payment of growers' subsidies on strawberries became necessary with the removal of Japanese from the coastal region of British Columbia and was later extended to growers in Eastern Canada. During and after the war, the export of fruit by the Special Products Board to the United Kingdom was an important part of the service which it rendered.

Specialized production of fruits in Canada on a commercial scale is carried on in four important regions - the Fraser and the Okanagan Valleys in British Columbia, the Niagara Peninsula in Ontario and the Annapolis Valley in Nova Scotia. Though by no means confined to these regions, they produce the surpluses while production in other areas is required chiefly to supply local needs.

The two great apple growing regions of Canada which provide large exportable surpluses are the Annapolis Valley and the Okanagan Valley. The latter has a near-monopoly of the apple market in the Prairie Provinces and normally sells large quantities to Great Britain and the United States. British Columbia apples also find buyers in Central and Eastern Canada because of pleasing varieties and the extraordinary care taken in grading and packaging them. Apples produced in other parts of Canada, though important, as in Ontario and Quebec, are usually consumed near the sources of production. Annual imports of apples to Canada are of minor importance.¹

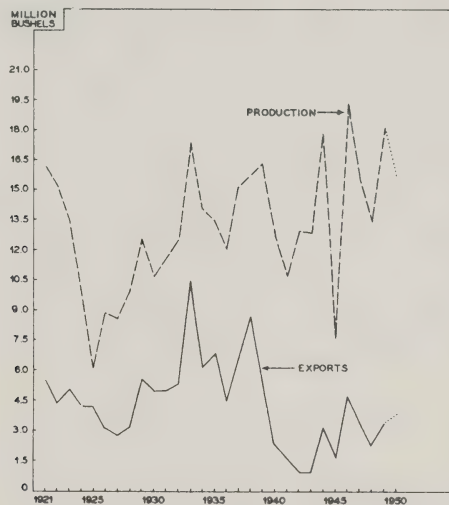
Tender tree fruits and soft fruits, of which strawberries and raspberries are the most important economically, are quite significant items in Canadian fruit production although secondary to apples in volume and to a lesser degree in value. Because of wide variation in climatic conditions in Canada, the producing areas of tender tree fruits are much less extensive than those devoted to apple culture; and for practical purposes they may be described as the Niagara district of Ontario and the Okanagan Valley of British Columbia. The latter is the only Canadian region where apricots are grown commercially.²

Strawberries and raspberries have a much wider range of habitat and their annual production ranks with peaches in value although much less in volume. Loganberries are grown chiefly in British Columbia.

Canadian trade in tender tree fruits and berries normally involves imports of fresh fruits from Southern regions before similar crops in Canada come to market; and the export of similar Canadian fruits in preserved, processed or semi-processed form. The export of berries and other small fruits in sulphur solution for jam-making has been for some years an important part of Canadian export trade in fruits. The Canadian fruit processing industry has, however, developed rapidly and now provides exports of considerable economic importance. This has been supported through the research work of the Department of Agriculture carried on in laboratories located in fruit producing regions and at the Central Experimental Farm.

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1. Fruit production is treated statistically in an appendix.
 2. Severe frost damage in 1949-50 greatly reduced the 1950 fruit crop in British Columbia and destroyed many of the tender fruit trees.

Apples - The Second World War pressed more heavily upon Canadian apple growers than upon most other groups of producers. Almost everything that Canadian farmers grew or could grow with the exception of apples and wheat was required in greater volume than in peacetime. When wheat could not be sold it could be stored for years with a minimum of deterioration, which was not true with respect to apples. Scarcity of space in ocean-going ships and priority in the use of such space imposed a low export rating on apples in 1939. Fluctuating yields on account of weather and the development of young orchards to bearing age further complicated the marketing of apples. The crop of 1939 was greater than the crops of the two preceding years and nearly double that of 1945. The large crop of 1945, - 19,282,000 bushels - was nearly five million bushels more than the average of the five years 1935-39. After the war when the improvement in ocean shipping conditions permitted a larger volume of apple exports to the United Kingdom the dollar crisis arose to prevent a resumption of pre-war trade with overseas buyers. But our story relates more particularly to the war period and the arrangements made to relieve the apple growers marketing difficulties.



Apples: Production and Exports, Canada,
1921-50^{a/}
a/ 1950 Estimated.

The war with its limitation of sales of Canadian apples to Great Britain created a crisis for Canadian apple growers and particularly for those in Nova Scotia. For many years, certain varieties of Nova Scotian apples have been grown for export to the United Kingdom; and proximity to seaboard made such transactions relatively easy. Under these circumstances there was no impelling necessity for Nova Scotia growers to press sales in Canadian markets and compete with apple growers nearer to the centres of population. The situation, therefore, called for action by the Agricultural Supplies Board. Failure to recognize the problem would have produced a condition of chaos in apple marketing. The steps taken between 1939 and 1950 cost \$20,021,000.³ in subsidies and support prices, which was not a great sum to pay to

3. See Appendix for details.

to maintain this important phase of horticulture in a reasonably healthy and stable condition. Eighty per cent of this amount went to Nova Scotia apple growers; but fruit growers in all parts of Canada benefitted from the market stability which ensued, and Nova Scotia orchards underwent a process of renovation to serve Canadian taste more acceptably.

To deal with the problem of marketing apples and to assist the Agricultural Supplies Committee, a National Apple Advisory Committee was formed in 1939 with representatives on its membership from British Columbia, Ontario, Quebec and Nova Scotia. This was soon replaced by a Fruit and Vegetable Committee composed of officials of the Departments of Agriculture and Trade and Commerce. This committee had the support of representatives of producers and the Trade in advising with respect to any product or group of products requiring the attention of the Fruit and Vegetable Committee.

Early in 1939, on the initiative of Nova Scotia apple growers, the Agricultural Supplies Committee invited representatives of apple growers from British Columbia, Ontario and Nova Scotia to meet in Ottawa for consideration of the apple marketing situation. At that time there was in prospect a larger apple crop than was grown in either 1937 or 1938. It was indicated that sales to the United Kingdom would not exceed one half of the average of exports of the previous two years and it was obvious that the Canadian market could not easily absorb the other half of the exportable surplus without seriously disturbing prices. To lessen the pressure on the domestic market, grade standards were raised so that only the best fruit would be sold fresh. The Canadian market was "zoned" for more orderly disposal of the crop and to prevent dumping of Nova Scotia apples in the territory of other growers. It was estimated by the Agricultural Supplies Committee that the marketing restrictions caused by the war would impede or prevent the export of 500,000 boxes of British Columbia apples and 1,500,000 barrels of Nova Scotia apples. Assistance was advocated "as a food conservation measure, and to secure the continuity of the industry to endeavor to extend the domestic market for these apples and to divert a proportion thereof into processed products and also to compensate in part the growers for losses sustained as a result of the marketing restrictions aforesaid."⁴

The Committee, therefore, recommended the outright purchase by the Canadian Government of 500,000 boxes of B.C. apples and an arrangement for the marketing through a Central Selling Agency of the apples grown in Nova Scotia of varieties, grades and sizes ordinarily exported; to provide for the canning or drying of such apples to the full capacity of available plant facilities in Nova Scotia and for an advertising campaign which would increase the sale of apples in Canada. It was then estimated that these operations would cause a net loss of \$1,645,000 over and above revenue from sales. The amount of loss was \$1,059,000.

To accomplish these objectives, agreements were entered into by the Minister of Agriculture for Canada with growers' agencies in British Columbia, Nova Scotia and Ontario. In British Columbia the agency was the Okanagan Federated Shippers' Association, Inc. In Nova Scotia, where a similar organization did not then exist, the Nova Scotia Apple Growers' Board was formed under the War Measures Act so that an agreement could be made under which all apple growers in Nova Scotia would participate in the apple marketing scheme to the extent of apples marketed by them and that the returns to the said growers would be equalized through the pooling of receipts. Under the Regulations made by order of His Excellency the Governor-in-

Council the Board was given the exclusive right to sell apples for delivery outside the Annapolis Valley and was also given sole jurisdiction in the selling, shipping and exporting of apples out of the Province of Nova Scotia.⁵

While apple growers in Ontario were less affected by war conditions in the marketing of their crop in 1939 it seemed to be essential that some measures should be taken to prevent a price collapse through the accumulation of unsold apples in Nova Scotia. It was then estimated that Ontario also might have a surplus of 75,000 barrels of apples for export.

Fortunately the United Kingdom was willing to buy Canadian apples from the 1939 crop to the extent of one half of the average of their purchases of the two previous years. Sales were thus effected, through private agencies, of 353,650 barrels of Nova Scotia apples, 70,732 barrels from Ontario and 2,400,791 boxes from British Columbia. The United Kingdom was willing to buy quantities in excess of these shipments; but on account of earlier plans for the processing of Nova Scotia apples, more were not available. Some of these plans related to the production of applejuice which amounted to about one million gallons as compared with an output of sixty thousand gallons in 1938. Establishment of grades for applejuice helped increase its sale, and a vigorous campaign of advertising enlarged the demand for apples.

Dehydrating and canning of apples was undertaken on an unprecedented scale in Nova Scotia with the objective of handling one-half of the 1939 crop in that manner. In this the Canadian Government assisted with advances of cash or credit to be repaid through the sale of the processed product. By agreement the Canadian Government acquired ownership of the canned and dehydrated apple product from the crop of 1939 in order to obtain partial reimbursement of assistance given. The processing objective was to use 1,500,000 barrels of fresh apples. The manufacturers were required to use their best endeavors to sell the processed apples at prices not less than the minimum prices approved by the Minister, and the Minister was to buy all processed goods on hand on May 15, 1940,⁶ and to pay for them the equivalent of prices paid originally for fresh apples, the trucking costs, the cost of processing and an allowance of 7 per cent of the original cost of the apples together with the

5. These powers were renewed annually until 1950.

6. On May 15, 1940, the processed apples which had not been sold by the manufacturers consisted of 548,653 cases of canned apples packed in gallon tins more suitable for the export than for Canadian trade and 154,633 cases of evaporated apples. The British Ministry of Food had made large purchases of these products earlier in the year, but did not contemplate additional purchases. It was felt that this volume of product could not be sold in Canada without seriously affecting the sale of fresh fruits and processed apple products which had been put up without Government aid. It was therefore decided to offer free to the British Ministry of Food 400,000 cases of canned apples and 75,000 cases of evaporated apples on a basis, f.a.s. Halifax. The remainder of the product was offered free to provincial government authorities charged with the administration of relief on a basis f.o.b. Nova Scotia storage, to be used for relief purposes. The gift to the United Kingdom was to be used in the care of evacuees and for military and naval services and other non-commercial uses. The Canadian Red Cross Society was given 25,000 cases of canned apples and 25,000 cases of evaporated apples for use in military hospitals and for feeding war evacuees in the United Kingdom and France.

cost of processing in order to meet the overhead costs of the operation. Certain premium allowances were offered as a means of rewarding efficiency in processing while deductions were to be made under certain stated circumstances.

Substantial sales of fresh apples from British Columbia relieved the situation in that province so that the commitment of the Government meant an outlay of only \$38,000. Part of the crop was bought by the Canadian Government and distributed in the drought areas of Saskatchewan and Alberta as a gift to people who had suffered severely in previous years from crop failure.

The marketing of apples in Ontario was relieved by export sales made to the United Kingdom and no further measures were required in that province with regard to the apple crop of 1939.

The initial steps in connection with the marketing of the 1940 apple crop were taken in April of that year when the Minister of Agriculture was empowered to enter into an agreement with the Nova Scotia Apple Marketing Board under which the Canadian Government would guarantee "a net return f.o.b. warehouse of 80 per centum of the 3 year (1936-37-38) average net return for that portion of the 1940 crop represented in a schedule to the said agreement prescribing varieties, grades and sizes, the aggregate quantity of which, less 100,000 barrels to be marketed in Canada by the said Board will be as nearly as can be calculated 85 per centum of the average exports for the said three years but shall not exceed 1,147,500 barrels."⁷

In the agreement subsequently executed with the authority of the Governor-in-Council⁸ the Nova Scotia Apple Marketing Board agreed as before to accept from every commercial grower of apples in Nova Scotia his entire crop of apples of the varieties, grades and sizes specified in the agreement; to sell in Canada for the growers and outside of the Agreement not less than 100,000 barrels of apples with the proviso that sales in Quebec and Ontario should not be made at prices which would have a demoralizing effect upon the returns of unassisted growers in those provinces; to market for the account of the Minister in European countries and to market elsewhere outside of Canada for account of the growers any possible quantity of the apples mentioned in the Schedule. The Minister's obligation was thus related to not more than 1,147,500 barrels which might be processed at his direction.

For the protection of the apple growers in the Okanagan Valley of British Columbia the Minister of Agriculture was authorized to enter into an agreement which contemplated an increase in sales of fresh apples in Canada and particularly in Western Canada by all possible reduction in marketing costs, by the processing of a portion of the crop and by all possible sales to the United Kingdom and other countries. In this agreement the Minister was obligated to buy not more than 1,750,000 boxes of apples at agreed prices. Export sales of British Columbia apples up to this quantity would relieve the Minister of his commitment. The Minister was to pay \$25.00 per ton for "government" apples processed at his direction and for his account. For the carrying out of this agreement authorization was given for the formation under the War Measures Act of the British Columbia Fruit Board, which with respect to apples grown in the Okanagan Valley in 1940 had powers similar to those given to the Nova Scotia Apple Marketing Board in 1939.

7. P.C. 1586, April 26, 1940.

8. P.C. 3386, September 7, 1940.

Ontario growers were protected by an agreement whereby Ontario canners would receive a bonus of 40 cents per 100 pounds on up to 80,000 cases of No. 10 tins solid pack apples of not less than 2 1/4 inches diameter provided they had paid the grower not less than 80 cents per 100 pounds. The Government was to buy any surplus of such product unsold on August 31.

The 1940 apple crop was smaller than that of the previous year, and although the United Kingdom Government did not buy fresh apples of that crop from Canada its purchases of processed apples were of considerable importance. These included 633,445 cases of canned apples and 2,072,150 pounds of evaporated apples. The United Kingdom also bought the residue of the 1939 and 1940 evaporated apples at a special price. Government obligations under the agreements of 1940 resulted in the payment of \$2,717,000 in subsidies.

Experience of apple marketing in 1939 and 1940 enabled the governments concerned to develop less complicated forms of assistance when it was found that help would be needed with respect to the crop of 1941. It was then obvious that the surplus could not be sold in overseas markets during the war years and that the rest of Canada might get along without assistance if the apple growers in Nova Scotia and British Columbia could be assured of sales and enough income to maintain their operations. At this time the idea was introduced of guaranteeing the growers a reasonable income from a short crop in the event of an unfavorable season. The Nova Scotia agreement contemplated a commercial pack of at least 1,500,000 barrels; guaranteed a minimum return of \$2.35 per barrel for selected varieties and grades to be packed for fresh consumption; guaranteed \$2.00 per barrel for other sales and disposal, mainly deliveries for processing for Government account and guaranteed \$1.30 per barrel for any quantity by which the total in the two classes might fall short of 1,250,000 barrels. The agreement with the British Columbia Fruit Board was similar in principle to that just described. The Minister was to pay \$1.15 per box f.o.b. shipping point for all apples exported to the United Kingdom and 40 cents per box for any quantity by which the total number of boxes of schedule varieties and grades sold by the British Columbia Fruit Board was less than 4,600,000 boxes. In one respect the 1941 agreements were similar in principle to the Prairie Farm Assistance Act in that they guaranteed the apple growers a minimum of income in the event of partial crop failure.

The Special Products Board was formed on April 15, 1941, and a Fruit and Vegetable Section of the Board was formed two weeks later. Subsequent shipments of fruits and vegetables under agreement between the Government of Canada and the Government of the United Kingdom were the responsibility of the Fruit and Vegetable Section.⁹

The 1941 apple crop was much smaller than that of 1939 and the need of the British Ministry of Food for fresh apples was greater than in 1940. No canned apples were sold to the United Kingdom from the 1941 crop but the Ministry of Food bought 116,147 cases of evaporated apples in addition to 1,199,990 boxes of British Columbia apples, 9,579 barrels of Ontario apples and 101,465 barrels from Nova Scotia. The Marketing assistance of the Canadian Government in 1941 was carried out at a cost of \$1,559,000. Sales to the United Kingdom were valued at \$2,998,796 05. Government aid to growers supplemented this amount. The evaporated apples sold to the United Kingdom which cost the Canadian Government \$2.00 per barrel in addition to cost of

9. The Fruit and Vegetable Section was successor to the Fruit and Vegetable Committee with the same personnel.

processing, brought barely enough to pay for the processing costs. The Canadian Government was, thus, a benefactor of the people of the United Kingdom as well as to the Canadian apple growers.

With the exception of the 1942 crop, the United Kingdom was able to take fresh apples in limited quantities; and exports to the United States - particularly from British Columbia - were continued, although the quantity shipped across the border varied through the years in relation to the size of the U.S.A. apple crop and the consequent demand from that country for Canadian apples. In most of the war years extensive apple processing was encouraged in Nova Scotia and to a lesser extent in British Columbia by the government undertaking to purchase evaporated apples at a price which would pay the processing cost and give a reasonable return to the grower. The government, as noted above, absorbed the loss as represented by the difference between the gross cost and the selling price under the agreement with the United Kingdom Government.¹⁰

For a number of reasons British Columbia was in a more favorable position than was Nova Scotia to market her apples. Less dependent than Nova Scotia on exports to the British market under normal conditions, the United States market was also available to her during most of the war years and in the Prairie Provinces British Columbia apples seldom face any competition except that of other fruits. Processing of fresh British Columbia apples on government account was not done extensively in 1942 when fresh apples could not be sold in Britain. From 1940 onward the financial assistance extended to British Columbia lessened progressively and in the later years was only nominal.

The situation in Nova Scotia, however, was quite different. Too many varieties of apples were grown and the annual agreements specified more than twice as many varieties as were covered by the agreements with British Columbia and Ontario. Their nearness to ocean shipping gave Nova Scotia growers a natural advantage in the export of apples to the United Kingdom and other European countries, but they were in a less satisfactory position to sell fresh apples in the United States or in Canadian markets. When the sale of fresh apples to the United Kingdom was not possible it became necessary to process large quantities for export and for domestic sales. Without such aid there is little doubt that many growers would have had to cease production with serious consequences for them and for many business concerns.

Renovation of Nova Scotia apple orchards by the removal of bearing trees of the less desirable varieties was begun before the war and was accelerated through assistance from the Canadian Government which contributed \$2.00 for each tree removed and in 1948 increased the allowance to \$5.00 per tree. Under this latest arrangement the grower was to receive \$4.00, while \$1.00 per tree was paid to the Government of Nova Scotia to reimburse them for cost of pulling the trees, paying the individual farmers, and general administrative costs.

The close of the war and the beginning of exchange difficulties in the post-war period brought another disappointment to Nova Scotia apple growers. Aid was forthcoming, however, in the marketing of apples grown in 1947 through the operations of the Agricultural Prices Support Board under legislation passed in 1944. Similar assistance was given with respect to the crops grown in 1948 and 1949.¹¹

10. Details are shown in Table 2 in the Appendix.

11. The Prices Support Board was authorized to make free distribution f.o.b. warehouse in Nova Scotia, of processed apples from the 1947 Nova Scotia apple crop for use in Canadian hospitals and institutions.

In bonusing animal products during the war it was intended by such aid to increase or to improve the product or to accomplish both of these objectives. Assistance in apple marketing was designed to conserve food supplies and to ensure a living for the growers rather than to increase production. Until it is possible for Nova Scotia apple growers to regain the European markets which they formerly had it would seem that they are bound to be beset with difficulties. Higher costs of producing and marketing apples have made that fruit almost as costly as citrus fruits; and that is undoubtedly an obstacle to the enlargement of sales in the domestic market. The growing of popular varieties and better packaging of them may be constructive moves towards a solution of the problems of Nova Scotia apple growers.

Other Tree Fruits and Berries - Effects of the war upon the marketing of apples have been described in some detail. Other fruits were similarly if not so drastically affected.¹² The United Kingdom, Canada's chief market for these products, was an intermittent wartime buyer, although statistics of fruit exports under agreement between the Ministry of Food and the Special Products Board indicate that important sales were made during the war years.

The wartime movement of fruits into Canada was influenced to some extent by the operations of the Combined Food Board at Washington which had responsibility for the equitable distribution of foodstuffs under the control of the United Nations. Controls were also applied by the Canadian Government to the importation of several kinds of dried and canned fruits, as well as fresh fruits and vegetables. After the imposition of price controls on fresh fruits of Canadian origin in 1943, the price ceilings were adjusted seasonally at levels which were high enough to permit sales when Canadian supplies were coming to market and domestic needs could be met without importing. At other times price ceilings were such as permitted importations or, if imported stocks could not be sold within the price ceilings the import purchases were made initially by agencies of the Wartime Prices and Trade Board which absorbed the losses incurred in such transactions.¹³ Opportunities were thus created for the greater domestic use of Canadian Fruits and vegetables and this compensated for the temporary loss of export markets.¹⁴

The payment of subsidies for the domestic production of fruits was initiated by the Wartime Prices and Trade Board in 1942 and was continued by the Wartime Food Board with respect to berry production during the crop years 1943, 1944 and 1945. Meanwhile the Wartime Prices and Trade Board continued to pay the tree fruit subsidy, (payable through the canners to growers of fruits for processing).¹⁵

12. L.F. Burrows in an article in the C.S.T.A. Review, March, 1941, said: "The European market remains closed to all varieties of fresh fruits and it is becoming more and more difficult for the domestic market to absorb the surplus of either fresh or processed products at prices sufficiently high to give an adequate return to the grower. Pear and stone fruit growers which hitherto have found outlet for their entire crop are now faced with an accumulating surplus of processed commodities. Small fruits such as strawberries which customarily were exported in considerable volume in sulphur solution for jam purposes are also threatened with the loss of these markets."

13. Subsidies on imports of fruits and vegetables handled by the C.P.S.C. are reported in Annual Reports of Wartime Prices and Trade Board.

14. Data given in the appendix relate to production as well as imports and exports of fruit.

15. See details in appendix of subsidies paid on fruits and vegetables canned in Canada. Tree fruit subsidies were discontinued in 1946 when ceiling prices were increased so as to allow prices to be paid to growers equal to the standard price of 1945 with the subsidy added.

Subsidy payments to berry growers was introduced in 1942 in order to support strawberry culture in British Columbia when Japanese growers were removed from the coastal region. The rate was 2 cents per pound paid by the Wartime Prices and Trade Board to processors when a total of 8 cents per pound or more had been paid to growers.¹⁶ When subsidy payments came under the Agricultural Food Board in 1943 they were extended to Eastern as well as to Western growers. The continuing and unusual difficulties of the growers in British Columbia were recognized by the payment of subsidies on strawberries of three cents per pound more than was paid in Eastern Canada. To use the limited supplies of fruit to the best advantage, subsidies were then paid only on berries used in the manufacture of pectins and compound jams.

Rates of subsidy were continued practically unchanged in 1944. Raspberries purchased for canning were made eligible for subsidy, and restrictions on the proportions of "pure", "pectin" and "compound" jams were removed. The making of pectin and compound jam increased the product made from available fruit but required more sugar, which was also in limited supply.

Before the opening of the 1944 berry season, the Wartime Prices and Trade Board placed a ceiling on prices of fresh strawberries and raspberries. This assisted jam manufacturers in competing with the fresh fruit market for supplies but was not popular with the growers who were accustomed to sell as much as possible of the crop as fresh fruit.¹⁷

Subsidies on berries were payable in 1943, 1944 and 1945 by the Agricultural Food Board at the rates shown hereunder and were recoverable only by manufacturers who had paid the following minimum prices including subsidy:

	<u>Ontario and East</u>		<u>British Columbia</u>	
	<u>Subsidy</u>	<u>Minimum</u>	<u>Subsidy</u>	<u>Minimum</u>
	<u>per lb.</u>	<u>price per lb.</u>	<u>per lb.</u>	<u>price per lb.</u>
	\$	\$	\$	\$
Strawberries - hulls on	.03	.12	-	-
hulls off	.03½	.13½	.06	.12
Raspberries	.03	.13	.03	.14
Loganberries	.03	-	.03	.10½
Boysenberries)	Subsidy of three cents per pound in addition to manufacturers' purchase price in 1942.			
Gooseberries)				
Currants)				

16. Strawberries, raspberries, cherries and apricots were first brought under ceiling prices in 1944.

17. Subsidies on berries were practically limited to fruit processed for jam. Discontinuance of the subsidy was accompanied by an increase in ceiling prices of jam.

Expenditure

Subsidies Paid by Agricultural Food Board
on Berries for Jam and Canning

Fiscal Year	Amount
	\$
1943-44	245,198
1944-45	490,838
1945-46	613,968
Total	\$ 1,350,004

Table No. 1

Appendix A

Apple Production in Canada
000 bushels

Crop Year	000 bus.	Value	Value per unit
Av. 1935-39	14,560	\$ 10,978,000	.75
1940	12,865	8,779,000	.68
1941	10,725	9,472,000	.88
1942	12,982	14,390,000	1.11
1943	12,854	16,814,000	1.31
1944	17,829	22,807,000	1.28
1945	7,635	12,857,000	1.68
1946	19,282	27,196,000	1.41
1947	15,619	22,840,000	1.46
1948	13,404	22,631,000	1.69
1949	18,151	19,684,000	1.08
1950	15,758	19,616,000	1.24

Canada Year Book

Table No. 2

Apple Subsidies paid by the Canadian Government
less returns from sales through the Special Products Board.
000 dollars

Crop Year	Nova Scotia	Ontario	British Columbia	Total
1939	\$ 1,021		\$ 38	\$ 1,059
1940	2,004	4	709	2,717
1941	1,062	4	493	1,559
1942	2,589		262	2,851
1943	1,710		7	1,717
1944	1,111		84	1,195
1945	354			354
1946	893		73	966
1947	3,299			3,299
1948	2,763		45	2,808
1949	1,083		416	1,499
1950	500		2,000	2,500
	\$ 18,389	8	\$ 4,127	\$ 22,524

Payments by calendar years.

Data for years 1939-50 incl. from Federal Agricultural Assistance Programs, Canada, 1900-1951. Frank Shefrin and Marjorie Cameron, Economics Division, Marketing Service, Department of Agriculture, Ottawa, April, 1952.

Since 1946 apple marketing was aided by Agricultural Prices Support Board.

The above figures include payments for removal of undesirable trees, as follows (fiscal years): 1942-43, \$156,000; 1943-44, \$107,000; 1944-45, \$31,000; 1945-46, \$34,000; 1946-47, \$135,000; 1948-49, \$1,500,000.

Table No. 3

Revenues from apples handled by the Fruit and Vegetable Division of the Special Products Board. It includes processed apples and apple juice.

Crop Year	Amount of Sales
1939	\$ 136,432.02
1940	1,079,496.05
1941	2,988,796.77
1942	491,339.74
1943	1,689,513.17
1944	3,036,512.65
1945	1,861,369.89
1946	11,041,083.48

Data from reports of Special Products Board.

Table No. 4

Exports of Apples

Calendar Year	Fresh (000 barrels)	Dried (000 lbs.)	Canned (000 lbs.)
Av. 1935-39	2,135	1,367	11,746
1939			
1940			
1941			
1942			
1943	292	7,486	487
1944	1,025	4,178	1,149
1945	572	6,369	3,288
1946	1,577	131	4,050
1947	1,138	1,182	11,465
1948	755	913	4,623
1949	1,136	575	5,337
1950	1,577	674	1,081

From Canada Year Book

Table No. 5

Subsidies paid by the Wartime Prices and Trade Board in connection with fruits and vegetables grown in Canada and trading losses sustained by the Commodities Prices Stabilization Corporation in making dried fruits available within price ceilings are shown in the following statement which does not deal with the importation of citrus fruits:

Canned fruits and vegetables	\$ 6,027,376.13
Fresh fruits (1942-1945)	2,634,564.99
Fruits processed (B.C. strawberries, 1943-44)	9,323.78
Jams and jellies	1,894,652.22
Dried fruits (C.P.S.C.)	12,893,653.90
Fruit box lumber	39,905.31
Fruit and vegetable containers	947,477.70

Reports of the Wartime Prices and Trade Board give fuller details of these items.

Chapter 16

AGRICULTURAL RESEARCH AND ITS APPLICATION IN WARTIME

Since the beginning of the Experimental Farm System in Canada in 1886, agricultural research has been characterized by continuous development and expansion to increase production through the improvement of crops and animals by breeding and selection. The research facilities provided by the Canadian Government have been supplemented by the Provinces through Departments and Colleges of Agriculture and research institutions of which the most important is the National Research Council. These facilities were enlarged substantially during the interval between two world wars by an increase in the number of experiment stations and science laboratories in order to attack problems of a local nature or affecting the production and marketing of certain kinds of crops and animals.

A distinction may be drawn between routine or long-term research and its application to a war program. The former progresses by stages from season to season while the latter is marked by a degree of urgency in which results are a far more important consideration than the cost. As compared with mechanical devices, the application of science to biological problems is unlikely to produce anything so astonishing as radar, guided missiles, the proximity fuse or the atomic bomb. The results, however, may be no less important and the methods probably are equally complex and difficult.

In the realm of agriculture, the scope of scientific research is very broad and it is impossible in the review to cite more than a few examples. One of the most familiar as well as one of the most important of the long-time agricultural research studies was related to stem rust of wheat; and it is still a continuing project. It was instituted about the end of the First World War, and has engaged the attention of many scientists in the service of governments, the universities and the National Research Council. It was a great co-operative undertaking, and it marked the first major attempt in Canada to produce rust-resistant varieties of wheat by genetical methods. Some of the "pay-off" of this very rewarding effort came in the later years of the '30s in the new varieties of wheat - Renown by the Dominion Laboratory of Plant Breeding at Winnipeg, and Apex by the University of Saskatchewan. Thatcher came from North Dakota a year earlier. In farming districts often scourged by rust, these varieties soon displaced varieties which though otherwise desirable had been vulnerable to the known races of rust.

That research revealed that stem rust of wheat which was then thought to be homologous has many forms, that it possesses sex characteristics and that the number of races of rust may be counted in the hundreds. For the protection of wheat growers it is, therefore, necessary to continue a long time program of breeding new wheats which are agronomically desirable, and resistant to the known forms of stem and leaf rust.

While some results of this breeding program came before the outbreak of the Second World War, others came during the war period. Thatcher was introduced in Canada in 1936. Renown and Apex became available in 1937. Regent was widely used in 1942. But the search for new and better varieties was continued and the year 1945 saw the introduction of the new wheat, Redman, a production of the Cereals Division, which by its performance seemed likely to supersede to some extent at least the older rust-resistant wheats which had ousted Marquis from rust affected regions some years earlier. That year also saw the development of a new spring wheat with promising

qualities for use in Eastern Canada. But perhaps the most interesting of these developments was that related to the production in volume of Rescue wheat. Rescue wheat was produced at the Experimental Station at Swift Current, Sask. One of its parents, S 615, was a solid-stawed Mediterranean variety obtained from New Zealand. The other was Apex, produced at the University of Saskatchewan from the triple-cross (H-44-24 x Double Cross) x Marquis. H44 is a stem rust resistant variety produced at the South Dakota Experiment Station by crossing the highly rust-resistant Emmer wheat, Yarrowslav, with Marquis, the sensational wheat produced at the Central Experimental Farm, Ottawa, early in the century.

To increase this new wheat as rapidly as possible, the crop of seed harvested in Canada in August was shipped by air-express to the Department's propagating grounds in Southern California. By growing a second crop there during our winter season the supply of seed was increased much more rapidly than could have been done by relying on normal methods of increase. Approximately 75,000 bushels of seed was available for sowing in 1947, and it was estimated that this wheat was grown on 2,200,000 acres in Saskatchewan in 1950.

Rescue, however, required further perfecting. Its milling quality was somewhat inferior to other varieties which do not possess its special merit - the solid stem characteristic, and it was ineligible for a higher grade than No. 3 Northern. But it is expected that the skills applied in the development of Rescue wheat will yet produce other wheats with similar characteristics but of superior milling quality.

Plant breeders were not unmindful of the needs of farmers for an oat resistant to rust. Vanguard was in use in 1937 and Ajax and Exeter were available in 1942. The Cereal Division of the Experimental Farms Service was proud to announce in 1945 that it had several thousand bushels of seed of a new variety, Beaver, which was produced from a cross between Erban and Vanguard, and promised some improvement over its parents event although it was susceptible to some races of rust and required further improvement. For farmers in northern prairie districts the variety Larain was produced from a cross between Alaska and Gold Rain to give a variety with early ripening qualities, strong straw and high yield.

Improvement in barley also received due attention. The Experimental Farm at Brandon was made the Western centre of barley improvement work by the Experimental Farms Service while the breeding and testing of new varieties is also carried on at Winnipeg, Saskatoon and Edmonton by and under the Provincial Universities. Macdonald College of McGill University and the Ontario Agricultural College have done renowned work in this field. The fine malting barley Montcalm from the former has deservedly enhanced the reputation of its producers.

It has been the opinion of many authorities that in the brown soil zone of the prairie region wheat is the only cereal that will produce significant returns in seasons of extreme drought. This may have been partly due to the use of summer-fallowed land for wheat and the sowing of other grains on stubble land. The use of Prospect barley introduced by the Swift Current Experiment Station in 1937 has somewhat altered that opinion. Prospect barley became popular in that region through the great destructiveness of the Wheat Stem Sawfly before the advent of Rescue wheat. The value of Prospect barley was amply demonstrated in 1945 - a drought year - when it was the only crop harvested by some farmers.

Royal flax, developed at the University of Saskatchewan, proved its value in the war years when rust damaged more susceptible varieties. Subsequently, Dakota and Rocket, two newer varieties, revealed qualities under test which should make them very useful in the Prairie Provinces.

The importance of vegetable oil production during the war years directed attention to means of improving the Soya bean to make it more adaptable to Canadian conditions. Tests of the Ottawa varieties, Pagoda, Madarin and Kabott, in 1943, demonstrated their quality. In 1944, Mandarin was found to be quite acceptable in an expanding soy bean area in Ontario; and in the following year Capital, another Ottawa variety, was found to be even more satisfactory than Mandarin.

To bring about an improvement in both the yield and the oil content of seed of sunflowers was the objective of work done at Saskatoon by the Forage Crops Laboratory of the Experimental Farms Service. The hybrid, Advance, produced by natural crossing between the S-37-388 strain of Mennonite and the Sunrise variety, produced in an average of tests at six experimental stations an oil yield of 563 pounds per acre compared with 388 for Mennonite and 184 for Sunrise. Its relative earliness, its resistance to lodging and shattering as well as to disease and insect pests aroused the enthusiasm of farmers in Southern Manitoba interested in the growing of this crop. This variety of sunflower seems to have been an important factor in the development of a vegetable oil industry at Altona, Manitoba.

The foregoing are some of the fruits of scientific research in agriculture, which relate primarily to the improvement of crops. Many others could be cited. These demonstrate, however, some of the beneficial results of the constant effort that is being applied by scientists in their service to the agricultural public and its needs.

Rubber-bearing Plants - The Agricultural Supplies Board and the Department of Agriculture as well as the Department of National Defence and the National Research Council became associated in 1942 for supplementary sources of natural rubber either in plants native to Canada or in plants which could be grown here. For the Department of Agriculture the investigation was conducted by the Division of Botany and Plant Pathology of the Science Service and the Field Husbandry Division of the Experimental Farms Service. The Department of National Defence provided some financial help and the Divisions of Applied Biology and Chemistry gave valuable assistance in the extraction processes and in the testing of the product.

The United States was much interested in this study, and was actively engaged in the growing and testing of Guayule which is native to parts of that country and Mexico. Encouraging information was available concerning Taraxacum Kok-saghyz sometimes known as Russian dandelion. A quantity of seed obtained by the United States Department of Agriculture from the U.S.S.R. was shared with the Dominion Botanist for co-operative experiments across Canada.

Through the testing of approximately 400 species of 180 genera by the Division of Botany and Plant Pathology it was found that the Common Milkweed, Asclepias syriaca, L. appeared to have more promise than any other plant native tested. In 1943, the Field Husbandry Division expanded its field tests of both the common milkweed and the Russian dandelion on Branch Farms and established an extensive experimental area on the Central Experimental Farm, Ottawa. Similar studies with Russian dandelion were made by the Ontario Agricultural College at Guelph. Wide variation was found in the rubber content of individual plants of both Common Milkweed and Russian dandelion. Selection, cross-pollination and fertilizing experiments on a broad scale were, therefore, undertaken at Ottawa with a view to the segregation and development of progeny carrying a high "rubber" content. In its participation in this investigation the National Research Council assisted in the extraction of rubber gum from promising material through a pilot plant developed for this purpose, and its Division of Chemistry found that the rubber made from Russian dandelion was almost equal in quality to rubber from Malaya.

Instituted as it was at a time when the occupation of the Pacific Islands by Japan made the usual supplies of native rubber unavailable to the United Nations, this special search for other sources of rubber was one of great urgency. The industrial phases of it were discontinued, however, when it was found that rubber produced in this way would be too costly to be competitive under normal circumstances with that obtained from other sources. The development on the North American continent of great industrial plants including that of the Polymer Corporation, Limited, at Sarnia, for the production of synthetic rubber proved for the interim at least to be a satisfactory solution of an extremely pressing problem. Notwithstanding this the Division of Botany and Plant Pathology continued its research with Russian dandelion.

When the search for substitute sources of rubber was most intense, Western farm leaders no less than Government officials were keenly interested in the possible use of wheat in the production of alcohol as a step in the making of synthetic rubber. To this end elaborate studies were made by Canadian scientists in association with other research agencies in the United States to improve production processes and provide if possible an economic method of using wheat for this purpose. Though this objective was not attained because of economic factors, much valuable information with respect to the fermentation of wheat was obtained through this research and it may prove useful in other respects. An immediate result was the production of butylene glycol, a new industrial chemical which is very promising as an anti-freeze for automobile radiators.

Processing, Packaging and Storing Food - In the early years of the war, several problems arose with respect to the preparation of food for shipment to the United Kingdom when the destruction by enemy action of refrigeration facilities in the U.K. and in ocean shipping interfered with normal trade operations. The National Research Council had previously given close attention to methods of curing and storing Canadian bacon and eggs. These results were made available to the Bacon Board, The Special Products Board, The Agricultural Supplies Board and the British Ministry of Food and further studies were undertaken. Standard cures for bacon were recommended and these became "requirements" of the Bacon Board with respect to the product supplied by the Board to the United Kingdom Ministry of Food.

Throughout the war years the Division of Bacteriology of the Science Service of the Department of Agriculture made surveys of the bacteriological quality of the during pickle used in the packing plants from which Canadian bacon was exported to the United Kingdom so as to maintain a high standard of quality of cured pork product. The Division of Chemistry also had an important part in the maintaining quality of product by continuous checking of pickling solutions used in the several establishments to determine the content of salt, nitrite and nitrate therein.

More spectacular than these routine studies was the development of a means of providing refrigeration of an interim nature in vessels not designed or equipped for handling perishable products requiring refrigeration for the maintenance of quality. This was done experimentally in the "Vancouver Island," in May 1941. The operation showed not only imagination but also marvellous organization of services and sustained effort and diligence on the part of mechanics and artisans in the installation of the special equipment in order not to delay the sailing date of the ship in the convoy of which it was one unit. Some 19 vessels were similarly modified during the ensuing three and a half years, five of them in Canada.¹

1. Scientists at War. W. Eggleston, Oxford University Press, 1950.

When the Ministry of Food requested that Canadian eggs for shipment to the United Kingdom be dried instead of being shipped in the shell, it became necessary not only to expand a nascent industry but also to establish standards of quality and methods of enforcement. The Division of Applied Biology of the National Research Council took an active part in this as it had done in the development of improved methods of handling shell eggs in order to maintain quality. In this setting of standards and the inspection of product, the Divisions of Bacteriology and Chemistry of the Science Service also played an important role. Standard Grade A Dried Egg Powder was not to contain more than 500,000 per gram, full count, and the absence of escherichia coli from 1/100 gram. In 1946, eighty per cent of the counts of sugared dried egg were under 25,000 full count per gram.

At the beginning of 1943, the Division of Bacteriology assumed responsibility for the official bacteriological analysis of all egg powder exported to the United Kingdom. Fluorescence under ultra-violet rays was widely used to test the product, but under unusual conditions resort to direct microscopic counts was found to be necessary. The Division of Chemistry also had an important part in the maintenance of quality in dehydrated eggs. Tests by the Division of Chemistry included moisture, potassium chloride solubility, fluorescence, taste panel and pH.

The National Research Council, Division of Applied Biology, contributed much to the improvement of dried egg powder and the increasing of quality and keeping virtues of the product. The N.R.C. also gave greatly valued assistance in testing methods of packaging for overseas shipment. The development of a bag-in-carton type of package, consisting of a wax-coated cellophane bag in a strong outer carton for protection en route was achieved by the National Research Council's Division of Applied Biology after exhaustive tests to discover a method of packaging useful for transport by ship or plane to warm as well as to temperate and cold regions.

Dehydrated vegetables are to some extent a wartime necessity. This kind of business comes alive in Canada only when considerations of shipping space and utility are more important than cost of product. With such limitations of use it is not surprising that the expansion of dehydration in response to wartime needs is characterized by a degree of inefficiency. In an industry so spasmodic in operation there was certain to be a scarcity of experienced workers, and of trained supervisors and inspectors when the overall demand for trained personnel was so great. Also, at the outbreak of war, standards of quality were not well defined.

The experience gained in the first world war when dehydrated vegetables were processed in Canada in some volume, did, however, provide a useful background for improvements in processing to ensure keeping quality and the retention of food values in dehydrated products. During the intervening years the Experimental Farms Service, through the Fruit Division, undertook research in dehydration establishment, new construction and controls at Kentville, N.S.; of fruit dehydration at Summerland, B.C.; and in preparatory and storage work and further improvement in dehydration of fruits and vegetables at the Central Experimental Farm at Ottawa. These experiences provided a good foundation upon which to build a vegetable dehydration industry during the Second World War. On that foundation, however, it was necessary to build and to provide additional facilities as well as more trained personnel to extend the scope of research and ensure a satisfactory standard of quality in food products for the armed services.

The quality of Canada's dehydrated fruits and vegetables produced during the first world war left much to be desired. Subsequently and as a result of greater

research a marked improvement was made in processing methods and in quality of product. In the attainment of quality, the Divisions of Chemistry and Bacteriology of the Science Service were particularly helpful through the testing of samples of dehydrated product. Some of these samples were the result of changes in processing which had to be accurately appraised before the new procedures could be made standard practice. Changes in methods of blanching, new methods of sulphiting, the adoption of three stage drying instead of two, the use of inert gases in vacuum pack to extend the life of the product without seriously lessening its vitamin content were some of the improvements effected.

By 1944 there were fourteen dehydration plants in operation. All new plants were given guidance regarding the layout of the building and the kind of equipment that should be installed. In the early stage of development all of them received constant direction and supervision. These were the minimum requirements of the vegetable dehydration industry and, because of the nature of the business, there were few if any outside the technical staff of the Department who had the requisite experience to be helpful in providing them. To strengthen and enlarge the inspection service, special courses of instruction were given to Marketing Service inspectors on analysis. In this the staffs of the Chemistry and Bacteriological Divisions of Science Service gave indispensable assistance. A new rapid method for moisture determination in dehydrated vegetables, which is a chloroform distillation procedure, was developed in the laboratories of Science Service and proved to be a valuable tool for control and grading. A rapid method for the determination of sulphur dioxide also was developed. Its use by non-technical persons gives results practically equal to the more lengthy and exacting official method.

The National Research Council, through the Division of Applied Biology, conducted investigations respecting the possibility of dehydrating pork. A method of cooking in open steam-jacketed kettles followed by mincing and tunnel-tray drying in four hours or less was found to be satisfactory. Since it was possible to ship cured meat product under refrigeration, this method of processing pork for export did not become necessary. The National Research Council also helped in the handling of dried milk powder through devising a method of packaging it in wax-coated laminated cellophane, packed with carbon dioxide.

Control of Insect Pests of Economic Importance - As early as 1941 a serious infestation of grain mites occurred in elevator annexes. This was serious because of the large quantities of wheat stored in elevator "annexes" where facilities for moving it were lacking; and its transfer to a nearby grain elevator was a costly operation. As the congestion of storage space increased and distress storages were erected at the Lakehead the same problem arose there in aggravated form. Fumigation of the infested grain with Chloropicrin was found to give good control. The situation improved with use of this gas and the publication of a leaflet describing the pest and outlining control measures for use on farms and in larger storage units.

The infestation of rust-red grain beetles in annexes and in the large distress storages at Lakehead was more difficult to control and at the outset it was necessary to "transfer" the infested grain. Subsequently, however, it was found that chloropicrin in carbon tetrachloride and carbon tetrachloride alone gives effective control in "spot fumigation" of infected areas in stored grain.

On arrival at lake terminals, infested grain was cleaned and fumigated if necessary. Cars which carried infested grain were cleaned with compressed air after unloading in order to avoid a wider distribution of the mites. The assistance of the

Division of Entomology was effective in disposing of a serious situation without serious economic loss.

Vitamin B White Bread (Canada Approved) - Research of considerable importance nutritionally was undertaken by the Division of Chemistry, Experimental Farms Service, in 1940 with a view to the improvement of white bread by an increase in its vitamin content by means of milling processes instead of by the introduction of vitamins as was being done elsewhere. This work was initiated in 1940 as a result of a recommendation of the Canadian Public Health Association made in 1939. In this project co-operation was given by the Department of Pensions and National Health, the Canadian Medical Association and many milling and baking companies.

This investigation showed that through changes in milling methods the content of vitamin B in white flour could be at least doubled. Standards for flour and bread were set up by the Department of Pensions and National Health. Vitamin B White Flour (Canada Approved) would be required to carry 400 or more International Units of Vitamin B with a variation tolerance of 10 per cent. Bread made from such flour if up to standard in other respects and carrying at least four per cent of skimmilk solids may be recognized and advertised as Vitamin B White Bread (Canada Approved). Such bread would carry two and a half to three times as much Vitamin B as ordinary bread.

This special research while not significant in relation to agricultural production, should be highly beneficial to all consumers who are discriminating in their choice of bread.

Chapter 17

CO-OPERATION WITH OTHER AGENCIES, FEDERAL AND PROVINCIAL

This review of agricultural administration in wartime would be incomplete without a reference to the services of the Department of Labour in the supplying of farm labour; to the work of the several Departments of Agriculture in the Provinces and to the Farmers' Organizations throughout Canada for their help in the development and support of production policies adopted from time to time in conferences of government officials and farm leaders.

Basic to all wartime development were the human resources of the Nation. During the first thirty months of the war, the recruitment efforts of the armed services and the expansion of war industry absorbed workers to such an extent that in many places labour scarcity was becoming acute. During that period upwards of half a million men and women left Canadian farms in response to the call of industry and the services. The effects of this diverse expansion in manpower demand were felt nowhere more keenly than on Canadian farms. In a Brief submitted to the Minister of Agriculture and senior members of his staff by spokesmen for the Dairy Farmers of Ontario at London, Ontario, on January 11, 1941, it was stated that:

"Farm labour of any calibre is difficult to obtain at any price in comparison with wages offered in industry and on Government contracts."

A County Agricultural Survey of 64,157 Ontario farms in 1941 showed that 49% of them were without adequate help, that an estimated 51,000 additional farm workers were required in Ontario, that farm wages had increased from 50 to 100 percent in most Counties and that farm women on more than 58% of the farms were doing more outside work than formerly.¹ Through farm surveys in British Columbia it was found that on an average there had been a withdrawal in 1941 of eight men per every ten farms, most of them to the armed services.¹ Nor was the situation greatly different on prairie farms. Commenting on conditions in Saskatchewan early in 1942 the Deputy Minister of Agriculture said in his report to the Minister:¹

"...It is apparent, however, that the withdrawal of men for military service and industrial purposes cannot be maintained on the present scale without creating a serious shortage of farm labour".

The manpower policies of the Government were eventually embodied mainly in two sets of Regulations - the National Selective Service Civilian and the National Service Mobilization Regulations - together with a number of Orders-in-Council.

At the beginning of the war, the Minister of Labour had the administration of the more technical duties associated with organized labour and labour legislation while the Minister of National War Services was made responsible in 1940 for the registration and mobilization of persons liable for military training and military service. These arrangements were drastically changed in 1942 to give the Minister of Labour direct responsibility for the complete mobilization and effective use of human resources. For this purpose the offices of the Unemployment Insurance Commission² and records as well as the premises, staff and records of the Director of Mobilization came under the direction of the Minister of Labour.³

1. Reports of Ministers of Agriculture, Ontario, British Columbia, and Saskatchewan, 1942.

2. The Dominion-Provincial System of Employment offices under the Employment Offices Co-ordination Act of 1918 was ended in 1940 when a national system was established under the Unemployment Insurance Commission with 242 offices in five regions across Canada staffed by more than 5,000 persons.

3. P.C. 2251, March 21, 1942.

While the overall need of more manpower was becoming greater, the shortage on Canadian farms was creating a problem of some urgency. Agriculture had only partly recovered from the effects of the low prices of the previous decade, and even before the imposition of price controls at levels which farm leaders claimed were unfair to agriculture it was difficult for farmers to compete with war industry in the labour market. These conditions indicated a need for positive measures to conserve for agriculture the manpower which it required. It was not until March, 1942, however, that farm workers could be required to remain in that occupation if their services were found to be essential to agriculture. Regulations to Stabilize Employment in Agriculture³ provided that without permission in writing from the National Selective Service Officer to do so no male person wholly or mainly employed in agriculture might enter into any employment outside of agriculture except (a) active service in any of His Majesty's armed services by voluntary enlistment, or (b) seasonal employment in a primary industry or (c) compulsory military training if under the National War Services Regulations, 1940, (Recruits) it was established to the satisfaction of the War Services Board concerned that such person was not an essential worker in agriculture. Thus it became the duty of essential farm workers to maintain their connection with agriculture and to participate also, if possible, in other seasonal employment in a primary industry such as lumbering, mining or fishing, when they were not actively required for farm work.⁴

In the screening of men essential for agriculture, provision was made in February, 1942, by which a representative of agriculture was entitled to be present at hearings of all applications made to a National War Services Board and to make such representations in relation thereto as he deemed fit. National War Services Boards sat as Appeal Boards in connection with all appeals against decisions made or orders issued by National Selective Service Officers. There were some complaints that one or two of the Boards were less responsive than others to the needs of Agriculture. It seems to have been the general belief, however, that the regulations to Stabilize Employment in Agriculture were administered with due regard for their importance.⁵

While the size of the farm labour force of military age was thus maintained by Government regulations, it was also supplemented in several ways. Those who because of medical reasons were exempt from military training and service could be directed by National Selective Service Officers to seek employment in agriculture.⁶ In the busy periods associated with seeding and harvesting of crops, help to farmers was available - within the limits set forth in the Regulations - from members of the armed services granted leave to work on their own or some other farms during busy periods of the year.⁷ Persons not liable for military service either as Mennonites,⁸ Doukhobors or

3. P.C. 2251, March 21, 1942.

4. In 1944 when meat packing plants needed to employ extra shifts, farm workers were encouraged to take such employment, and in it they were very useful.

5. Farm labour policies are reviewed in the Labour Gazette and in the annual reports of the Minister of Labour.

6. P.C. 7260, Sept. 16, 1943, provides for compulsory direction to employment of men called up under the National Resources Mobilization Act but rejected for medical reasons. Methods were evolved through the several Joint Labour Committees across Canada for checking the essentiality on their own farms of men rejected for military service. Those considered not essential were directed to farms where they were really needed.

7. In 1944, under "compassionate leave", approximately 11,000 soldiers were allowed to work in the harvesting of crops. This was in addition to 6,500 given leave for seeding. About 3,300 soldiers were detailed for "farm duty" at harvest time. This force was supplemented by about 2,300 Air Force personnel who were given leave to work on their own or their parents' farms, and 3,100 others were given harvest leave. Some 600 members of the Naval Services also worked at harvesting in Ontario and the Western Provinces. (Labour Gazette).

8. P.C. 5155, September 26, 1940.

because of having been found by a National War Services Board to object conscientiously to bearing arms or to undertaking combatant service were subject to alternative service in the national interest if physically fit and within the ages liable for military service.⁹ Initially these classes were given work in national projects but on account of the scarcity of farm workers they were later directed in larger numbers to employment in agriculture.¹⁰

Other agricultural workers were found among those members of the Japanese race who had been moved from the coastal regions of British Columbia to other parts of Canada where in 1944 approximately 4,700 of them engaged in work associated with the growing of sugar beets and other special crops. A few thousand prisoners of war were also used in agricultural operations, chiefly in sugar beet production and to a lesser extent in the harvesting of grain. Some of these were housed in encampments from which they were moved under guard to the work projects but about one thousand who had been merchant seamen lived on the farms in Ontario and Alberta where they were employed.¹¹

The farm labour force was further supplemented through appeals to workers in other vocations to give seasonal help during their holiday periods, and help was solicited from high school students and even from those of lower grades who were mobilized to assist in picking fruit and vegetable crops. At times, and particularly in 1942, the opening of high schools, colleges and universities was deferred to allow students to participate in harvesting operations. To make manpower more effective in farm work, priorities were established so that administrative officials might allocate farm workers to places where livestock and dairy production were major enterprises and see that such employment was continued.

Provincial Administration of Farm Labour Policies - A policy of great importance in the mobilization of farm labour was introduced early in 1943 when agreements between the Canadian Government and Provincial Governments were authorized to enable the former to grant financial assistance to the provinces in partial payment of services rendered by them in manpower administration. The Department of Labour was authorized to bear one half of the cost of services rendered by the provinces in the discharge of duties assumed by them under the Agreements.¹² This enabled the provincial governments to enlarge and strengthen their local administration of labour policies and thereby to assist the Canadian Government in several phases of mobilization administration. Although the policies developed by the Canadian Government with respect to manpower were directed by the Minister of Labour in consultation with advisory boards, much of the detail in respect to farm labour was handled in the provinces by local Directors of Farm Labour, aided by advisory committees in which both of the governments concerned as well as local agricultural interests were represented. In this closely co-ordinated arrangement for the use of manpower the assistance of the Department of National Defence in allowing the release of service men in times of special need was very helpful.

Each of the Canadian provinces had a Farm Labour Committee. As active assistants these Committees had provincial employees known locally as Agricultural

9. P.C. 4019, June 6, 1941.

10. Of 8,932 registered as at March 31, 1944, some 3,188 were engaged in farm work.

11. Reports of Ministers of Agriculture, Ontario and Alberta.

12. A good description is given in the annual report of the Minister of Agriculture for Alberta, 1945. pp 74-77.

Representatives, Agronomes or District Agriculturists. Additional staff members were engaged in some provinces to supplement the regular staff to cope with the substantial increase in number and importance of these unusual duties. The most spectacular and the most elaborate as well as the most effective in point of numbers of placements was the Farm Service Force developed by the Ontario Interdepartmental Committee (Agriculture - Education - Labour) on Farm Labour Service.¹³ It was fashioned on military lines and comprised seven "brigades", namely: The Childrens' Brigade; The Farm Cadet Brigade; The Farmerette Brigade; The Women's Land Brigade; The Farm Girls' Brigade; The Holiday Service Brigade and the Farm Commando Brigade. It also included an organization to provide helpers for day to day work. Actively associated with this important program were the National Councils of the Y.W.C.A. and the Y.M.C.A., the Churches, the Canadian Red Cross Society, the provincial and local educational authorities and the regular staff of the Department of Agriculture.

For greater efficiency in the use of manpower and to serve other primary industries when the needs of agriculture were at a minimum,¹⁴ a most effective though costly feature in labour exchange was developed under the Dominion-Provincial Farm Labour Agreements whereby farm workers were assisted to move to employment within a province and from one province to another. On presentation of Government warrants the railway companies granted reduced fares.¹⁵ Movements between provinces was borne by the Department of Labour which also absorbed one half of the cost of fares of workers moved within a province by a farm labour committee.¹⁶

This policy of assisted movement of farm workers applied also to members of the Armed Services who were granted leave under either the "farm duty" or the "compassionate leave" plan.¹⁷ The movement of combines and threshing machines from crop failure areas to places where custom work in harvesting was available was possible under the Agreements.

Certain patterns of movement of farm workers from province to province developed under this arrangement. Close to 2,000 men from the prairies went to Ontario in 1945 to help in harvesting hay and early grain crops.¹⁸ Four hundred women and girls went from Alberta and Saskatchewan to pick berries and early tree fruits in British Columbia. Fifty-four hundred men and women went from Ontario and Quebec to the Prairie Provinces for grain harvesting. A number of workers went from Nova Scotia to Prince Edward Island for the harvest; and workers from the North Shore district of New Brunswick and the Amherst region of Nova Scotia went to the St. John River Valley to help in potato harvesting.

Employees of provincial governments engaged in labour administration were able to render valuable assistance to Federal authorities through the accumulation of confidential information concerning certain classes of persons which included those

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13. Details are given in the Annual Report of the Minister of Agriculture for Ontario, 1943. pp 99-106.
 14. About 100,000 men were included in this mobile labour force, and more than one half of them were employed in woods work during the winter months.
 15. Railways provided round-trip tickets for the price of a single fare. The workers made a contribution of \$5 or \$10 towards the cost of the return trip.
 16. The Report of the Auditor General, 1945-46, shows that the following amounts were paid by the Department of Labour under the Dominion-Provincial Agreements:

Assistance to Provinces in recruiting and placing labourers on farms	\$375,769.22
Assistance to Provinces in transporting labourers to farms	305,394.14
Transportation of armed forces for harvest leave	122,353.14
 17. Overalls were provided to members of the armed services engaged in harvest work.
 18. A West-East movement of harvesters was unknown before the war.

who applied for postponement of military training on the grounds of essentiality to agriculture; applicants for leave from the armed services on compassionate grounds; Mennonites, Doukhobors and conscientious objectors as well as Japanese and prisoners of war engaged in farm work. The information gained through these inquiries assisted the Federal officials in reaching correct decisions and served at the same time the agricultural interests of many communities.¹⁹

International Movement of Machines and Workers - Another wartime innovation was the unassisted movement between Canada and the United States of combines and crews for harvesting grain. This policy was devised by the Joint Economic Commission of Canada and the United States in 1942 when harvesting equipment was scarce in both countries. The plan would permit maximum use of harvesting units whose owners might avail themselves of the opportunity. So far as Canada was concerned this exchange was limited to the Prairie Provinces where harvesting methods are practically the same as those employed throughout the Great Plains area of the United States. The northward seasonal progression of grain harvesting permitted Canadian grain farmers to go south after seeding and return after a lengthy period of harvesting in time to cut their own crops. Farmers from all three provinces participated in this movement but it was most used by men from Saskatchewan who sent 26 combines and crews to the United States in 1944, 151 in 1945 and 358 in 1946. Very few combines were brought from the United States to Canada where rates paid were lower than those current in the United States harvest fields.

Other international movements of manpower for farm work in 1945 included about 1500 experienced tobacco workers from the United States to Ontario and Quebec. About 4000 Canadians including about 1000 from urban centres in Quebec went to Maine for potato harvesting. About 1200 persons from Manitoba engaged in potato harvesting in North Dakota, and about 500 Quebec workers helped in the spring of 1946 in collecting maple sugar syrup in the New England States. Also some B.C. Indians helped according to their custom in the picking of small fruits in the State of Washington. Prairie farmers, it may be also said, were helped in their harvesting by residents of local Indian Reserves and in Manitoba by Indians from northern Reserves.

Farm Machinery Administration - A reduction in output of farm machinery, an increase in production of repair parts and the rationing of sales of new equipment were features of the farm equipment business during the war years. Farm machinery sales actually increased during the early years of the war,²⁰ and demand grew as farm

19. All the evidence showed that with few exceptions these men were anxious to make a useful contribution to the war effort in their respective vocations.

20. Sales of farm machinery by years are given in the following table:

Farm implement sales at wholesale values. (Index numbers of equipment and materials sold to farmers, which includes farm implements, rose from 101.8 in terms of 1935-39 - 100, to 125.9 in 1945, to 173.1 in 1948 and to 189.9 in 1950.)

Year	# Canada, Total sales	★Number of Tractor sales	★Number of Combine sales	# Canada, Sales of Repair parts
1939	\$34,060,000	3,494	1,083	
1940	47,748,000	6,150	3,110	
1941	52,106,000	5,240	1,842	
1942	50,462,000	4,338	1,997	
1943	29,562,000	2,306	1,096	
1944	54,824,000	5,651	2,543	\$17,084,000
1945	64,293,000	5,391	3,162	18,652,000
1946	81,698,000	5,901	2,764	20,827,000
1947	122,395,000	8,967	4,128	23,276,000
1948	170,666,000	10,678	4,862	26,997,000
1949	217,090,000	15,999	4,611	28,105,000
1950	218,232,000	12,046	5,879	29,505,000

Source, Dominion Bureau of Statistics.

income increased and supplies of manpower were less easily obtained. To cope with the difficult situation which was developing, an Administrator of Farm and Road Machinery was appointed in 1942,²¹ and given authority over all sales of farm machinery and equipment including that in possession of dealers on the effective date of the Order.²² The intent was to ensure equitable disposal of new machinery as far as practicable on the basis of need.

Under these circumstances it was very desirable that all usable farm machinery should be continued in use so long as it could be made to operate satisfactorily. To this end an increase in the manufacture of repair parts was given precedence over the output of new machines,²³ and Departments of Agriculture across Canada under the leadership of the Agricultural Supplies Board and the concurrence of the Administrator of Farm Machinery organized campaigns to have farmers overhaul their machines and place orders early for needed repair parts. Many farm machinery repair demonstrations were organized. Agricultural Colleges conducted short courses so that farmers might become more expert in repairing machines and in the construction of labour saving units such as stook sweeps (Alberta) and sweep rakes (Ontario) and other devices for farm use. Under the Dominion-Provincial Youth Training Programme the Department of Labour supported the training of young men in farm mechanics and several hundred two-day courses held in Ontario and in other provinces served several thousand men yearly during the continuance of the farm machinery shortage.²⁴ The Farm Improvement Committee of the Ontario Plowmen's Association did excellent work in advising and co-operating with the Farm Machinery Administrator and in encouraging the co-operative use of available but scarce machines.²⁵ Separate leaflets were published with definite recommendations for maintenance and repair of certain types of machines such as seed drills, tractors, tillage machines and harvesting equipment.

The Western Agricultural Engineering Committee²⁶ and its counterpart in Eastern Canada rendered a useful service in evaluating the conditions relating to

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21. H.H. Bloom, Vice President, Massey Harris Co., to assist in co-ordinating the farm machinery programme with that of the Agricultural Supplies Board, and to make suitable representations to the Department of Munitions and Supply, Mr. J.M. Armstrong, an engineer in the employ of the Department of Agriculture was appointed Technical Adviser on Equipment and Containers. He worked in close association with the Administrator.
 22. Order #192, Wartime Prices and Trade Board, Oct. 6, 1942.
 23. The allotment of steel in 1942 for machinery production for sale in 1943 was to be 25% of that used in 1940 for the production of new machines, but manufacturers were allowed to produce repair parts equal to 150% of their output of that year. To use available steel most effectively it was agreed that the kinds of machines and equipment to be made would be drastically reduced in number and that wood would be used instead of metal insofar as that was practicable.
 24. Statistics re farm machinery repair schools, short courses, etc., are given in Annual Reports of Provincial Ministers of Agriculture.
 25. Annual Report Minister of Agriculture for Ontario, 1944.
 26. These Committees were composed of representatives of agricultural colleges and Departments of Agriculture, both Federal and Provincial.

farm machinery supplies and in advising the Administrator.²⁷ Provincial Departments of Agriculture made "spot" surveys in a number of places to learn how serious was the shortage of farm machines. The facts thus accumulated were interpreted and reported by the Committees for the guidance of administrative officials.

To protect the interests of all farmers in respect to the sales of new machinery, a system of rationing available equipment was introduced late in 1942. It provided for a rationing officer in each of fourteen districts with two other persons to form an Advisory Committee in each such district so that the Rationing Officer might consult with them whenever circumstances made such action desirable.

New Provincial Wartime Production Organization - Provincial Departments of Agriculture actively supported the efforts of the Agricultural Supplies Board in the attainment of production goals, but the pattern of organization differed. Some provinces merely strengthened their administration without introducing new agencies, but in others an effort was made to create new interest and enlarge the sphere of Departmental influence by establishing a special organization in which a larger number of citizens would feel a greater personal responsibility. Ontario had "County War Committees"²⁸ which were active in every County in Old Ontario and in most of the Districts of Northern Ontario to deal with war production and related problems. In Saskatchewan where local administration is vested in Municipal Councils, the Rural Municipalities were asked to act as "Win the War" Committees so that they might within their zones of influence deal actively with production stringencies such as labour and machinery scarcities and encourage diversified production. In this they had the active support of the Saskatchewan Co-operative Producers, Limited, (Wheat Pool) which is thoroughly organized within the Province. Alberta did a thorough job in setting up "Farm for Victory" Committees²⁹ in which some 1500 leading farmers took a prominent part in local organizations in 28 zones. The Central or directing committee was composed of a few senior officials of the Department of Agriculture and the provincial secretary of the Alberta Federation of Agriculture. It issued informative and suggestive bulletins periodically for the guidance of zone and community committees in order that they might be supplied with the latest production objectives, government regulations and other useful information. In British Columbia, a committee composed of Government officials was formed at the outbreak of war to support food production goals. Its objectives were economical production, the avoidance of waste and the practice of sound farming methods. This committee arranged for the publication during the war of 46 bulletins dealing with food production.

27. Following is an extract from the 1944 Report of the Minister of Agriculture for Ontario: "The Departmental Farm Implement Committee appointed in 1942 continued to function in meeting the problems arising from wartime restrictions placed on the sale of new machinery. The program included short courses for farm mechanic instructors at the Ontario Agricultural College, implement repair schools at country points, displays of labour-saving equipment at farmers' meetings, the encouragement of County Committees to give direction to the maximum use of implements available, publicity on the repair of machines and the efficient use of same, a survey on the custom and co-operative use of farm machines. The latter revealed that some 30% of farmers in organized counties had some work done by custom. Several Counties reported over 50% and one County had as high as 55%. The survey revealed the wartime shortage of labour and new machines had encouraged and in many cases forced the co-operative use of available machines and manpower. For one county it was reported that 75% of major field crop work was done on an exchange of work basis.

28. Annual Report of the Minister of Agriculture for Ontario, 1943. p.66.

29. Legislation subsequently enacted in Ontario and Alberta as well as Saskatchewan gave legal status to local committees to study and recommend appropriate action with respect to agricultural problems.

Special Production Efforts - At the risk of repetition it may be said that animal production ranked high in the efforts of Provincial Departments of Agriculture, and in this they achieved striking success.³⁰ Conventional and time-honored production policies were continued and enlarged and these were supplemented by special efforts in a number of the provinces. Ontario was a pacemaker in this regard. In 1942, in an effort to increase milk production some 400 meetings were held with a related publicity campaign supported by a generous distribution of special handbooks and leaflets. Cheddar cheese production in Ontario was encouraged by the payment of subsidies under the Cheese and Hog Subsidy Act, 1941, at the rate of 2 cents per pound; and this was paid throughout the war years and into the post-war period. The Provincial bonus on hogs was at the rate of \$1 per carcass of Grade A quality and 50 cents for B₁ carcasses. In sheep production Ontario set an objective of a 25% increase by the saving of ewe lambs from slaughter for addition to breeding flocks. For the convenience of farmers unable easily to find ewe lambs, the Department bought 114,6 head and held them on a farm near Toronto until sales could be effected. Ontario, like most other provinces, sponsored a bonus of 4 cents per pound for wool fleeces properly prepared for sale and received a rebate of one half of the outlay from the Federal Department of Agriculture. Ontario alone among the provinces accepted the offer of the Canadian Government to share one half of the regular freight charges on Western feed grain moved during the winter months of 1941 from Fort William-Port Arthur to Eastern points. To encourage the early purchase and storage of feed grain on farms in 1945, the Ontario Department of Agriculture also paid \$541,236.51 to 37,320 farmers.

Agricultural production made great progress in Quebec during the war. This was particularly true of dairying and hog and poultry production. The Quebec Department of Agriculture paid substantial sums in subsidies for the production of Cheddar cheese of top quality. The marketing of hogs through inspected abattoirs showed a spectacular gain in numbers and in quality. The support of the sugar beet industry in later years by the Government of Quebec was an encouragement of greater agricultural diversification. Fibre flax production received fine support in Quebec.

Livestock production in New Brunswick, though of local rather than national importance, was characterized by progressive policies of administration. The Department of Agriculture paid premiums for hog carcasses of high quality, had also a market lamb premium policy and participated in a Dominion-Provincial ram premium policy. Both New Brunswick and Nova Scotia actively supported the selling of lambs on a rail-graded basis, a policy initiated by the Nova Scotia Department of Agriculture.

Agricultural production was stimulated in various ways in the several agricultural regions of Canada. Except in the prairie region the output of lime for agricultural purposes was subsidized by both the Federal and Provincial Governments. Ontario subsidized sugar beet growers to the extent of 55 cents per ton and increased the rate to \$1.55 in 1944. Quebec paid part of the freight charges on sugar beets from farms to the factory at St. Hilaire. Both Ontario and British Columbia, and some other provinces in lesser degree, were associated with the Federal Department of Agriculture in support of the growing of seed of field root and garden vegetable crops when seed supplies from continental Europe became unobtainable in North America. By the middle of the war, British Columbia was growing about 70 per cent of all of these classes of seeds produced in Canada³¹ and substantial quantities were being exported to the United Kingdom.

30. Chapter 11 shows the relative importance of production zones in animal production and indicates that significant results were obtained in areas deficient in grain production as well as in those more fortunate in this regard.

31. The Annual Report of the B.C. Minister of Agriculture, 1945, contains a review of seed production at page 40. Canadian seed production declined when seed supplies became more plentiful and were available at lower prices.

Less generously endowed by Nature with agricultural resources than some other parts of Canada, the Maritime Provinces, nevertheless, showed commendable enterprise in promoting wartime production. The Government of Nova Scotia promoted a Tractor Purchase Policy by which up to 1946 some 49 groups of farmers were generously assisted in the purchase of tractors for farm work. Through the use of government owned equipment aid was given in the breaking of new land which supplemented similar work done on a custom basis. Imagination and mechanical skill were exemplified when the Division of Engineering of the Nova Scotia Department of Agriculture developed a poultry plucking machine which it caused to be patented in 1944 and made available for production by others through the sale of blue-prints at a nominal cost. The programme of orchard improvement begun in Nova Scotia before the war by the removal of old apple trees of undesirable varieties was continued and enlarged with Federal aid. Ditching in Nova Scotia was aided by the Government which also assisted by paying part of the cost of laying tile drains. New Brunswick formed a Division of Agricultural Engineering during the war and assisted in the operations of ditching, tile draining and land plowing. The Division assisted the newly formed Maritimes Dykeland Reclamation Commission in 1943 in the surveying of marshlands in Westmoreland County.

Departmental leadership was also in evidence in Western Canada. Alberta arranged for the production of a standard kit of iron parts for sale to farmers at a uniform delivered price so that they might make stook sweeps for their own use and several hundred were made in 1943. Alberta also provided sheep shearing equipment for use on a community scale. British Columbia was able to introduce a plan of land clearing in 1944 and 1945 when heavy-duty mechanical equipment began to be again available. That Government also announced its willingness to aid financially in the establishment of a plant and equipment for a flax fibre industry if satisfactory assurances could be provided as to its long-term economic possibilities.

From this brief summary it should be obvious that the several Provincial Governments through their Departments of Agriculture supported the production objectives of the Federal Government eagerly and generously. There were but few of the special production projects introduced during the war which were not adaptable to the competition of peacetime conditions; but even they were justifiable under circumstances of urgency when results were of prior importance.

Farmers' Organizations and the Government - Closely co-operating with Departments of Government in the development of the wartime food production effort were the many organizations of farmers which composed the Canadian Federation of Agriculture. In the early months of the war before the food requirements of Britain could be easily estimated, the development of production plans was largely in the hands of the Federal Minister of Agriculture, his cabinet colleagues and the senior members of the staff of the Department of Agriculture. In the preliminary stages of organization that arrangement was not adversely criticized; but leaders of organized farmers became uneasy when the market demand for farm products ceased to absorb surpluses and prices of hogs declined while the values of other farm products failed to show the expected advance in relation to production costs. This condition became vocal early in 1941 and provided an opportunity for a thorough airing of grievances as well as a clearer understanding of the rapidly changing conditions affecting supply and demand of farm products under war conditions. Another and a concluding chapter will be used to review the important part played by the Canadian Federation of Agriculture in shaping the agricultural policies of the Canadian Government.

Chapter 18

AGRICULTURAL POLICIES AND THE CANADIAN FEDERATION OF AGRICULTURE

The years of the Second World War are significant in respect to the relations between the organized farmers in Canada and the Canadian Government. The organized farmers were not officially represented at the first of the Government's annual production conferences which were attended in the early war years by representatives of the Federal and the Provincial governments. However, a growing appreciation of their several functions and policies was acquired by both the Government and the Canadian Federation of Agriculture through progressively closer and more frequent mutual association, in consequence of which many of the recommendations of the organized farmers were made effective by the Government. This improved relationship was the outcome of a sequence of interesting and important events.

Canadian Federation of Agriculture Takes Form - Late in 1935 some seventy five delegates from all parts of Canada participated in the formation of a national organization of farmers designed to be representative of all branches of agriculture and competent to speak for Canadian agriculture in national and international affairs. They represented local and provincial organizations of farmers and included a number of important commercial groups formed by farmers for the purpose of marketing their own products. Thus originated the Canadian Federation of Agriculture¹ which soon became the official voice of the organized farmers and at the outbreak of the war offered its services to the Government and sought membership on Government Boards responsible for the sale of farm products.

The Federation held its first annual meeting in 1936. By 1940 it had, with the financial support of the farmers' co-operative marketing organizations, become a well-coordinated and integrated institution, active in formulating and advocating agricultural policies for Canadian farmers.² In 1941, the Federation appointed a full-time secretary and moved its central office to the Nation's capital where easy and continuous contact with Government officials was possible.

The Federation maintains close association with its affiliates across Canada in order to ascertain their opinions and attitudes respecting current problems. Conferences of regional groups are held each year in both Eastern and Western Canada where resolutions originating in member organizations are carefully studied and screened for subsequent submission to the annual meeting of the Federation. An early meeting of the Federation with the Prime Minister and his colleagues is then sought for the submission of resolutions and recommendations concerning agricultural matters.

Federation Influence in Government - From the opening of its national office in Ottawa in 1941 the Canadian Federation of Agriculture gained recognition and influence in Government planning which was in accordance with its wishes. Representation of the Federation on eighteen national advisory committees and boards, most of them of a confidential nature, provided further opportunities for clearer understanding of the circumstances and conditions under which wartime policies were being developed. The president became chairman of a general advisory committee to the Minister of Agriculture and the Agricultural Food Board with respect to food production problems. With the president on that committee were two other members of the Federation and provincial representatives, chiefly deputy ministers of agriculture. The president

1. Originally named Canadian Chamber of Agriculture.

2. In 1946 the Federation claimed that it represented 382,000 farmers.

also became a member of the planning committee formed to arrange agendas for meetings of the annual Dominion-Provincial Farm Production Conferences. Grain marketing problems were also the subject of frequent discussions between the Wheat Committee of the Cabinet, the Canadian Wheat Board and the Advisory Committee to the Wheat Board on which producers had majority representation. By these several means the Federation was enabled to have its viewpoint made known to the Government and was in an excellent position to interpret Government policies to its component organizations.

This satisfactory position was only acquired by degrees. The Western Ontario meeting at London in 1941 and the Saskatchewan delegation to Ottawa in 1942 demonstrated the reasonable but determined approach of the organized farmers and their influence in pressing their viewpoint on the Government. The gradual recognition of agrarian requests by the Government in the face of an equal determination to maintain price ceilings was also an excellent example of democracy in action.

Trouble Looms! - No significant increase in demand for farm products occurred at the beginning of the war, and there was little that could then be done in directing agriculture except to put it on the alert and strengthen it for such demands as might arise as a result of war developments. There were, of course, the initial commodity agreements with the United Kingdom for supplies of bacon, cheese and eggs; but these did not provide the price incentives expected under war conditions; and an open challenge of Government policy occurred at London, Ontario, on January 10 and 11, 1941, at a public meeting of farmers held at the call of the Minister of Agriculture, Rt. Hon. James G. Gardiner, for the discussion of farm problems. That meeting was largely attended by leaders of organized farmers in the Province of Ontario, by the Ontario Minister of Agriculture and officials of his Department and by representatives of County councils and members and officials of the Agricultural Supplies Board, the Bacon Board and The Dairy Products Board.

Briefs submitted to the meeting by some twenty organizations including County councils expressed the opinions of farmers in one of Canada's finest agricultural regions. Farmer spokesmen stated that "the Dominion Government recently endorsed and established a principle of payment of wages to labour on the basis of 1926-29 or higher with assurance of increase with increases in the cost of living". These farmers through their spokesmen complained that organized labour was in a preferred position as compared with farmers. The prices for hogs and milk were unsatisfactory. The cost of farm labour was rising and men were difficult to obtain because of high wages in industry and enlistments in the armed services. "The farmers who are here want to know what is going to be done to place agriculture on the same plane as industry, which is being assured profitable prices, and labour which has been assured satisfactory wages". Because of the fact that the level of industrial wages was related to those current in the years 1926-29, dairy farmers claimed the right to be paid for their products on a similar standard which would have required a basic price of 19 cents per pound for No. 1 cheese and a corresponding price for butter.

The conditions which caused these complaints were partially remedied by subsidy payments³ authorized by the Canadian Government and by the provincial legislatures of Ontario and Quebec⁴ and by setting minimum prices at which the Dairy

3. See Chapter 12 for details.

4. In respect to food subsidies, the Federation said in its presentations in 1944:
"Our farmers are not responsible for the introduction of a subsidy program. Not having approved or condemned it, they have accepted subsidies as an essential part of the Government's war policy and the Government's major measure for preventing inflation."

Products Board was empowered to buy butter. The provision of assisted freight payments by the Canadian Government on feed grain and millfeeds from Western Canada, in which Ontario participated during the year of its introduction, eased production costs.

The lessening of tension in Ontario was followed shortly by protests from the prairie region where grain growers were not taking it "sitting down". The Western protest arose from causes similar to those in Ontario and centred on the disparity between grain prices and industrial wage levels in 1941 in comparison with the more equitable conditions which obtained in 1926-29. The Western demand was more difficult to satisfy since it was primarily related to wheat prices which was already a major problem for the Government. The situation was described by the Directors of Canadian Co-operative Wheat Producers, Ltd., - the three Western Wheat Pools - in their annual report to their shareholders for 1940-41. They quoted a bulletin of the Department of Labour issued as a supplement to the Labour Gazette of July, 1941, which stated that: "the wage earners of Canada despite the heavy burden of taxation and of savings are better off than they have ever been before", while wheat growers, if a similar standard of values for grain were in force would have been receiving \$1.60 per bushel for wheat in 1941 and approximately twice as much for oats, barley, flax and rye as they were then receiving. "Putting it roughly", they said, "Western agriculture is just a little better than half as well off as it was in 1926 while industrial labour is to some extent better off".⁵

Some Federation Policies - The Federation acquired with its member organizations their several viewpoints and policies concerning their respective major interests. Better marketing methods was a common objective. The Western Wheat Pools favoured the sale of grain by negotiation instead of in an arena which, in addition to legitimate trading, attracts speculators great and small whose common interest is the making of a "fast buck" whether by unduly boosting or depressing the price of a commodity. British Columbia growers of tree fruits and vegetables, with a widely extended market, were concerned with establishing a central marketing system under which a fair price could be maintained at a level which would dispose of the whole crop at reasonable prices and without underselling by would-be independents. Ontario growers of cultivated crops wanted a united selling front by commodities for maximum bargaining power on the part of those whose fruits and vegetable crops were normally bought by canners and processors. Other examples could be given. It was also hoped that improved marketing methods would be an aid in the attainment of parity prices of agricultural products in relation to the cost of goods and services required by farmers. Of price levels, the Federation said: "Canada needs a definite food price policy.... Contrary to what many believe, "high prices" is not a dogma of organized agriculture. The Federation of Agriculture wants not necessarily high prices but high purchasing power; it rates equality of economic returns as between various groups in the nation and stability in price and costs of paramount importance".⁶

A Storm Develops - The importance of grains in the Canadian economy made it inevitable that the marketing of grain should be a major topic of discussion between the Federation and the Government. A principle for which the Wheat Pools campaigned persistently was that speculation in foodstuffs on "exchanges" should, as far as possible, be prevented. Early in the war years the Government was requested to make the Canadian Wheat Board the sole marketing agency for Canadian wheat. The Pools were

5. Annual Report Saskatchewan Co-operative Wheat Producers Ltd., 1941.

6. The attitude of the Chairman of the W.P.T.B. on wheat production is noted in Chapter 3.

also strongly in favour of international commodity agreements and so expressed themselves as early as 1927. Conscious of the effects on farmers of very low prices for wheat in the depression years and of the farmers' need for greater income that was provided by 70 cent wheat, basis No. 1 Northern delivered at Fort William-Port Arthur, the Pools both directly and through the Federation advocated higher wheat prices

The Government, on its part, while recognizing the wheat growers' plight was equally aware of the increasing surpluses of wheat and the narrowing of sales outlets. Moreover the price ceilings policies of the Government naturally caused it to oppose price increases until a greater market demand for wheat should develop.⁶

Wheat prices were much discussed during 1941. In a radio address, the Minister of Agriculture said on October 7: "We stated that to increase the advance was to encourage the farmer to produce more than the 230 million bushels for market". Another appeal requesting that the Canadian Wheat Board initial payment be increased to \$1.00 per bushel was made directly to the Prime Minister on October 15, 1941. In his radio address on October 18, dealing with the price stabilization policy of the Government the Prime Minister said: "... The principle of the price ceiling will be applied to agricultural prices while at the same time agricultural income will be supported where necessary by Government action".⁷

When the initial payment for Western wheat was set at 70 cents per bushel for the third consecutive crop year, the Saskatchewan Wheat Pool organized a series of meetings throughout the Province to discuss the wheat situation and to procure signatures to a petition to the Canadian Government and also to raise funds to finance the sending of a large delegation of producers to Ottawa. The response was good, and in due course a delegation of 403 farmers and business men, chiefly from Saskatchewan, met the Prime Minister and his Cabinet Colleagues on February 2, 1942, and presented their case supported by petition forms bearing 185,269 signatures.

Tangible Benefits Achieved - The immediate gain from this effort of the Western grain growers was an increase in the initial payment for wheat from 70 cents to 90 cents per bushel and an assurance that the Prairie Farm Assistance Act would be amended to remove the restrictive price factory from the "emergency clause" provisions of the Act.⁸ Some of the requests made earlier by the farmers had already been granted prior to the interview with the Government. These included the Prairie Farm Income payments, and the arrangements for the sale of wheat by the granting of quotas to farms. The Government's policy of "freezing" prices and wages as a part of price control precluded further action with regard to the application of "parity" to prices of agricultural products.

A very important objective of the wheat farmers was realized in 1943 when the Minister of Trade and Commerce announced on September 28th that:

"future trading in wheat on the Winnipeg grain exchange was suspended as from that date; that all unused stocks of wheat except those held on the farms would be taken over by the Wheat Board on the basis of the previous day's open

6. The attitude of the Chairman of the W.P.T.B. on wheat production is noted in Chapter 3.

7. This was done through Prairie Farm Income payments in 1941 to the extent of 75 cents per acre on one half of the cultivated acreage of the farm with a maximum payment of \$150 to any one farmer. See Chapter 3.

8. Annual Report Saskatchewan Co-operative Wheat Producers' Ltd. 1943.

market closing prices; that the accounting for the deliveries from the crops of 1940-41, 1941-42, and 1942-43 would be closed and a final payment made on participation certificates as soon as the accounting was complete; that an initial payment of \$1.25 a bushel basis No. 1 Northern Fort William, had been authorized for the crop years 1943-44 and 1944-45 and that the issue of participation certificates would be continued".

Of this announcement the Directors of the Canadian Co-operative Wheat Producers Ltd., said:

"Your Board received the announcement of this new policy with great satisfaction, for it represents the culmination of some years of persistent recommendation by the Pools and the Canadian Federation of Agriculture. Ever since the beginning of the War we have urged that the marketing of wheat should be assumed as a national responsibility and regulated in such a manner as to make it definitely a part of the nation's war effort....The adoption of this new policy by the Government is a complete vindication of the attitude of the organized farmers toward the wheat problem and its connection with the war effort and, though it comes late and only after strong efforts by the farmers themselves, this recent action by the Dominion Government, taken in connection with other concessions made to the agricultural producers, is evidence of the increasing prestige of the organized farmers".⁹

Coarse Grains - A number of recommendations were made to the Government respecting coarse grains. Some of these related to ceiling prices and advance equalization payments, but one, of fundamental importance, had to do with the mode of selling coarse grains. After repeated requests by the Western wheat pools and the Federation that the Canadian Wheat Board be made the sole agency for the marketing of oats and barley on the same plan as was followed in the handling of wheat, the necessary legislation was passed in 1948.¹⁰ The plan was to become operative when the legislatures of the three prairie provinces passed supplementary legislation. Saskatchewan did so in 1948 and the adjoining provinces acted in 1949 in time to make the arrangements operative for the 1949 crop.

The Federation commended the Government in 1949 for what it had done, and in 1950 asked that the legislation which was due to expire on July 31, 1950, be extended.¹¹ There was disappointment, however, on the part of the Pools when the Wheat Board used the futures market of the Winnipeg Grain Exchange in its selling operations. In 1951, the Federation expressed the opinion that "the Board should make only the minimum use of the futures market in order that experience may point a way to a sounder and more acceptable marketing policy".¹²

9. Annual Report Sask. Co-operative Wheat Producers, Ltd., 1943. Details of the price arrangements for wheat to the end of the war are given in Chapter 3. Further developments in wheat marketing legislation are reviewed in the Annual Reports of the Canadian Wheat Board and "Federal Agricultural Marketing and Price Legislation, Canada, 1930-50". Economics Division, Marketing Service, Department of Agriculture, Ottawa, November, 1950.

10. 11-12 George VI, Chapter 4, March 24, 1948.

11. This authority was extended for another three years.

12. "Farmers meet the Cabinet" C.F.A., Ottawa. February, 1951. In a referendum in Manitoba on November 24, 1951, on the question "do you wish to continue to sell your barley and oats as at present?", 67% of those entitled to vote went to the polls and registered an affirmative majority of almost 9 to 1 in its favour.

Price Security for Post-War Years - It seems appropriate at this point to review the attitude of the organized farmers during the war years with regard to price trends and suitable arrangements to ensure price stability.

The depression years of the '30s made Canadian farmers security conscious. Efforts to negotiate a world wheat agreement were seen as a desirable possibility in 1927; and that goal was thereafter kept in view. But in the "dirty thirties" the immediate need of the Wheat Pools was not expansion but survival. Indeed, the formation and the strengthening of the Canadian Federation of Agriculture and the development of the International Federation of Agricultural Producers seem to have been important steps to that end. All groups of primary producers suffered similarly and from the same general cause. In any event, what each needed was an assured market for farm products at reasonable prices in relation to capital and labour input.

Wartime thinking on the part of the Federation concerning prices seems in review to have been characterized by moderation. Requests for price increases under the war controlled economy were reasonable; and while the war was still being waged, plans were being considered for post-war security against what in the light of past experience would probably be a drastic decline in commodity prices. For a short-range objective the Federation asked the Government in 1942 "that the prices of live-stock and livestock products be guaranteed for two years after the war". This request was changed early in 1943 to ask "a guarantee of adequate prices for livestock ... for the duration of the war and two years after the war".

But the major objective was commodity marketing under suitable legislative authority. This was recommended to the Canadian Government by the Federation on several occasions after the Natural Products Marketing Act of 1934 was found by the Courts in 1936 and 1937 to be ultra vires of the Canadian Parliament. In an interim statement on "Principles of Post-war Reconstruction for Agriculture" the Federation made the following pronouncement on a Long Term Marketing and Production Program:

"Long-term national planning through a comprehensive marketing and production program for agriculture should be a first essential in preparing to meet post-war conditions....Large scale producer organizations, democratically controlled, should be encouraged in order to give producers equality of bargaining power with large scale private enterprise in our business world. Where control of the product is considered necessary to do an effective marketing job or where control is essential to the success of price floors or other price supporting measures, we recommend:

- (a) Government marketing agencies such as the Canadian Wheat Board
- (b) Any other marketing plans under Government regulation
- (c) An extension of the principles of the provincial marketing acts by means of complementary federal legislation.

It is thought that all three of these methods should be made available so that the producers concerned may, in co-operation with the Government elect to use the method most suitable to the marketing of their particular commodity under then existing conditions....The production program should be shaped according to the needs of the marketing program and in accordance with production practices designed to conserve the soil and use it wisely. Central planning of the program should be a joint responsibility of federal

and provincial authorities and representatives of organized producers. The administration work in carrying out the program should be decentralized as far as possible."

On this subject the Federation said in its submissions to the Government in 1945:

"Farm people have come to realize that a remunerative contract price, or a guaranteed minimum price projected at least two years in advance, transforms farming from an occupation that is little more than an uncertain gamble to a business with some foundation and some future to it."

Such were the representations which led to the passing of special additional legislation of particular interest to farmers. To support prices of farm products other than wheat Parliament passed The Agricultural Prices Support Act in 1944. The Act provided that "In prescribing prices ... the Board shall endeavour to ensure adequate and stable returns for agriculture ... and to secure a fair relationship between the returns from agriculture and those from other occupations".¹⁴

The Agricultural Products Act, 1947,¹⁵ was passed to serve longer term aspects of marketing farm products. Under it the Meat Board, the Dairy Products Board and the Special Products Board had authority to function, although the shift away from the production of livestock diminished their activities. The Agricultural Products Marketing Act,¹⁶ passed in 1949, was designed to enable the Federal Government to co-ordinate its powers with those of the provinces and thereby permit provincial marketing boards to do in peacetime some of the things they were enabled to do in wartime with the concurrence of the Government under the War Measures Act.

When the Canadian Federation of Agriculture met the Government in 1950 it commended "the Government for making it possible by this Act for provincial marketing boards to function in interprovincial and export trade". The Federation at that time asked the Government through the Minister of Agriculture to convene representatives of the Dominion and Provincial Governments and producer organizations so that they might discover what additions or changes in provincial legislation would be required to co-ordinate the marketing of farm produce through the new Federal legislation. The desired conference was held in Ottawa in March 1950.

Other Federation Objectives - Much attention has been given in this review to the problems related to grain prices and marketing methods which precludes more than a brief mention of some other important recommendations of the Federation to the Government and what befell them. Many recommendations were granted. Others were not. The policy of freight assistance on feed grain, pressed by the Federation, was granted on a more generous scale than was requested. It has, moreover, been continued at the request of the Federation after most of the wartime policies were repealed.

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14. An Act for the Support of the Price of Agricultural Products during the transition from War to Peace. 8 George VI, Chapter 29. Amended 1950 to make its operation continuous.
 15. An Act to provide for the Sale and Export of Agricultural Products, 11 George VI, Chapter 10, May 14, 1947. Date of expiration extended by amendments in 1948, 1949 and 1950.
 16. An Act to provide for the Marketing of Agricultural Products in Inter-provincial and Export Trade. 13 George VI, Chapter 16. April 30, 1949.

Many recommendations regarding livestock marketing were made to the Government through advisory committees as well as in the annual presentations to the Cabinet as a whole. The benefits of the U.S. market for beef cattle was sought in 1943 when the Federation urged the resumption of operations of the Wartime Food Corporation in line with the procedure followed in 1942 during the period from July 1 to August 18 so that producers of beef cattle might receive prices for their livestock related to prices on markets in the United States. The Federation claimed that when that method of operation of the Wartime Food Corporation was discontinued it meant that the Government transferred from itself to beef cattle producers the cost of subsidizing consumers in order to keep down the cost of living. In the following year the Federation recommended that the Government consider the re-opening of the U.S. market for live (beef) cattle in order to avoid killing congestion in Canadian abattoirs. In 1947 and again in 1948 it asked that at least token shipments of beef cattle to the American market be permitted. The Federation was willing in 1948 to allow the Government to handle such exports and to use in the interests of the beef cattle industry the surpluses of funds arising from such trading. In August, 1948, the export of beef cattle to the United States was again authorized.

The establishment of a Board of Livestock Commissioners on a plan similar to that under which the Grain Commissioners supervise the marketing and grading of grain has long been an objective of the Federation. Notwithstanding its proposal of 1944 that the cost of administering the Board be met by a levy on the products over which it would have jurisdiction, that request was not granted.

Wartime problems of the dairy industry were related to the scarcity and high cost of labour, prices of dairy products, prices and sufficiency of feedstuffs and the availability of dairy equipment. The Federation on behalf of the Dairy Farmers of Canada supported requests for price adjustments for butter and other manufactured dairy products, a right relationship between prices of milk for various uses and that milk prices should be based on production costs. But the main crisis in dairying arose in post-war years in connection with legislation affecting the production and sale of oleomargarine. After ineffectual efforts to prevent the margarine business being developed in Canada the Federation recommended in 1949 that the use of yellow coloring of margarine be not permitted; and that in the event of the control of production and sale of margarine being declared by the highest tribunal ultra vires of the Canadian parliament the dairy industry be accorded the same consideration under the customs tariff regulations (respecting ingredients for use in margarine) as Canadian industry in general enjoys. In 1951, a request was made for an excise tax on foreign oils used in margarine, that the use of any fat except butterfat in any manufactured dairy product be prohibited and that floor prices for cheese and butter be increased. It cannot be claimed that the dairy producers or the Federation achieved more than moderate success in these matters.

Taxation of farm income was a subject of great interest to the Federation when improvement in the economic position of farmers and the broadening of tax incidence affected many of them. In due time the Federation saw with appreciation the acceptance of its recommendations that farm income because of its fluctuating character be averaged over a period of years, that the principle of the basic herd be recognized in order to distinguish between capital and income in connection with livestock dispersal sales and that a Board of Arbitration be established whereby appeals against the rulings of tax officials could be conveniently taken.

In connection with assessments of farm income the Federation pressed for greater consideration of the work contributed by members of the farm family in producing farm income. It also protested the requirement which made farmers responsible for collecting income tax from farm laborers who they said would not accept employment where a portion of the wage was to be withheld for tax purposes.

Approval of Government Wartime Agricultural Policies - While the Federation exerted its influence as fully as possible in the procurement of concessions and adjustments of agricultural policies,¹⁷ there are on record many expressions of its approval of what was done. The following words of appreciation came from the Federation in the concluding paragraphs of its presentations to the Government in 1945 and in 1951:

"...We are happy to be able to say that through the rights of conference and consultation accorded the Federation in more recent years, farm people now enjoy a degree of participation in national affairs never before experienced. This is one of the outstanding and highly encouraging developments in Canadian agriculture and we take this opportunity of expressing our gratitude to you for the part your Government has played in this development" (1945)

"The Canadian Federation of Agriculture has now completed 15 years of service as the national voice of the organized farmers of Canada. We feel it fitting at this time to record our appreciation of the cordial manner in which we have been received from year to year, and particularly for the many opportunities afforded us by the Government and its senior administrative officers throughout those years, to work with them on the problems of agriculture.

"You and your colleagues, Mr. Prime Minister, will appreciate, we are sure, the satisfaction we feel as an organization that a substantial number of our recommendations have become woven into the pattern of Government policy and Government programs. We do not make this statement boastfully, but as an indication of the close working relationship which can and should exist between an organization representing a major segment of the population and the Government of the day.

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17. Of the zeal of representatives of organized agriculture in striving for more equitable prices for farm products there is the following testimony of K.W. Taylor, Foods Co-ordinator of the Wartime Prices and Trade Board:

"One aspect of this period invites further comment, and that is the steady and continued pressure in relation to farm prices. The farm pressure was never intransigent or untractable; but it never relaxed. The reason for this is not hard to state, notwithstanding the relatively greater rise in farm prices compared with non-farm prices nor the very great expansion in farm cash incomes. Farm prices are in effect the farmer's wages; and the prominence given to industrial wage discussions brought home to the masses of farmers as never before both the absolute level of urban skilled wages and the rate of increase...Farmers felt that they were being urged greatly to increase production but found themselves without hired help or with indifferent help at two or three times the pre-war wages... In relation to demand the supply of farm machinery was short; and shortages of lumber, repair parts or milk cans tended to breed an irritated frustration. Agriculture as a whole steadily and sincerely supported the price stabilization programme; but there were always good reasons, first for this group and then that, first this season and then next, to press for some adjustment "to bring them into proper relationship"" (Canadian J l of Economics and Political Science, Vol. 13, No. 1, Feb. 1947)

"We have endeavoured in our organization to maintain a broad national outlook, and have encouraged all of our farm groups to do likewise. We have recognized that agricultural **problems** are an integral part of the national economy, many of which cannot be separated and solved as agricultural problems alone. We have worked toward a fair balance between major groups in the nation; and in formulating policies which are good for agriculture, we have kept in mind that those policies likewise should be consistent with the general welfare." (1951)

